# BOARDS' REPORT

Dear Members,

Your directors are pleased to present the Eighteenth Annual Report on the business and operations of PathPartner Technology Private Limited (the "Company") and the Audited Accounts for the Financial Year ended March 31, 2024.

## FINANCIAL SUMMARY AND HIGHLIGHTS:

Your Company has completed another successful year of operations marked with growth, achievements and challenges. The Company has expanded its sales, marketing and business operations significantly during the year ended March 31, 2024, and has added a number of overseas and domestic customers during the year under review. The Company invested in strengthening delivery capability and building a portfolio of software IPs, system solutions & prototype hardware design.

## STANDALONE FINANCIAL RESULTS:

(Amounts in million ₹)

| Particulars | March 31, 2024 | March 31, 2023 |
|---|---|---|
| Revenue from Operations | 1,167.96 | 1,032.81 |
| Other income | 20.24 | 88.56 |
| **Total revenue** | **1,188.20** | **1,121.37** |
| Total Expenses | 911.06 | 922.29 |
| **Profit before tax and exceptional items** | **277.14** | **199.08** |
| Exceptional items | - | - |
| **Profit before tax** | **277.14** | **199.08** |
| Tax expenses | 73.86 | 54.48 |
| **Profit for the year** | **203.28** | **144.60** |

## OPERATIONS AND FUTURE OUTLOOK:

During the year, the Company has enhanced the execution and delivery capability across all the competencies at both Bangalore and Kochi development centers. The Company has plan to expand its delivery capability in India.

Vertical focused offerings across Automotive, Embedded multimedia and Camera have enabled the Company to grow some of its strategic customer accounts. The Company will continue to focus and expand its portfolio of offerings. With focused initiatives, the Company is aiming to grow with its strategic customers. The Company has built a portfolio of IP accelerators in the areas of Automotive Driver Monitoring, In-cabin sensing Solutions and ADAS. The IP accelerators help attract customer attention and accelerate the development cycle.

Considering better momentum with our customers and in the automotive industry, we believe the Company is on the right track for a faster growth trajectory in the coming years.

## STATE OF COMPANY'S AFFAIRS

We are glad to inform you that your Company has achieved growth in the year under review on account of consistent sales effort, engineering excellence and improved operational efficiency.

The revenue from operations of the Company is ₹ 1,167.96 million during the year, against ₹ 1,032.81 million during the previous year. The Profit before tax for the business during the current year stands at ₹ 277.14 million as against ₹ 199.08 million during the previous financial year.

On completion of tranche 3 transfer of shares of the Company to KPIT Technologies Limited ('KPIT'), as per Clause 2.6 of the Share Purchase Agreement, the Company has become wholly owned subsidiary of KPIT with effect from April 19, 2024.

## SHARE CAPITAL

As on the financial year ending March 31, 2024, the authorized share capital of Company is ₹ 1,50,00,000/- (Rupees One Crore Fifty Lakhs only) comprising of 15,00,000 equity shares of ₹ 10/- each and the issued and paid-up share capital is ₹ 1,11,26,660/- (Rupees One Crore Eleven Lakhs Twenty-Six Thousand Six Hundred and Sixty only) comprising of 11,12,666 equity shares of ₹ 10/- each.

There was no public issue, rights issue, sweat equity issue, bonus issue or preferential issues during the financial year under review. Further, the Company has not issued shares with differential voting rights.

However, 14,728 (Fourteen Thousand Seven Hundred and Twenty-Eight) equity shares of face value of ₹ 10/- (Rupees Ten only) each of the Company were allotted by the Company under Employee Stock Option Plan-2015 on July 21, 2023. Detailed information is given in **Annexure D**.

## RESERVES

The Company has earned a Profit of ₹ 203.28 million for the current financial year and the same has been transferred to the 'Reserves and Surplus' account of the Company as on March 31, 2024.

## DIVIDEND

The Company intends to plough back profits for the growth of the business and thus, your directors do not recommend any dividend for the year under review.

## UNPAID DIVIDEND

The Company had declared dividend to its shareholders in the Seventh Annual General Meeting ("AGM") held on September 30, 2013. The declared dividend was paid by the Company to all the shareholders except for Mr. Tushar Anil Dave who had not claimed the dividend declared and hence sum of ₹ 2,48,280/- (Rupees Two Lakh Forty-Eight Thousand Two Hundred Eighty only) was considered as unpaid dividend. Mr. Tushar Anil Dave, claimed such dividend declared, vide letter dated July 22, 2020, and had requested the Company to credit the amount of such unpaid dividend to which he was entitled. As the amount of unpaid dividend was claimed within the period of 7 years from the date of the declaration of the dividend, no amount of the unpaid dividend was liable to be transferred to the Investor Education and Protection Fund (IEPF) account. The Company opened an Unpaid/ Unclaimed dividend account namely "PathPartner-unpaid/ unclaimed dividend account FY 2012-13" with Citibank N.A., Pune Branch in FY 2022-23. Thereafter, the amount of Unpaid/ Unclaimed dividend was transferred to Mr. Tushar Anil Dave by Citibank N.A. on June 26, 2024.

## DIRECTORS

The Board consists of the following Directors as on March 31, 2024.

| Sr. No. | Name and DIN | Designation |
|---|---|---|
| 1 | Mr. Kishor Patil [DIN: 00076190] * | Director |
| 2 | Mr. Tushar Kanti Adhikary [DIN: 00362585] | Managing Director |
| 3 | Mr. Girish Chandra Sabat [DIN: 00913757] | Whole-time Director |
| 4 | Mr. Anup Sable [DIN: 00940115] * | Director |
| 5 | Mr. Rajesh Janwadkar [DIN: 09364631] | Director |
| 6 | Ms. Bhavna Doshi [DIN: 00400508] # | Additional and Independent Director |
| 7 | Mr. Anil Patwardhan [DIN: 00895429] # | Additional and Independent Director |

* Resigned with effect from June 18, 2024.

\# Appointed with effect from March 29, 2024, and resigned with effect from June 18, 2024. Based on the confirmation/ disclosures received, Ms. Bhavna Doshi and Mr. Anil Patwardhan were Independent in terms Section 149(6) of the the Companies Act 2013.

Pursuant to the provisions of Section 152 of the Companies Act 2013, ("the Act") Mr. Rajesh Janwadkar retires by rotation at the ensuing AGM and, being eligible, offers himself for reappointment.

Pursuant to provisions of section 196, 197 and Schedule V of the Act, the Board in its meeting held on July 22, 2024, had approved the change in designation of Mr. Tushar Kanti Adhikary subject to approval of the shareholders in the ensuing AGM.

Pursuant to Section 197, 198 and other applicable provisions, if any, of the Act, the Board in its meeting held on July 22, 2024, had approved revision in remuneration of Mr. Tushar Kanti Adhikary and Mr. Girish Chandra Sabat, Whole-time Directors of the Company for the financial year 2024-25 subject to approval of the shareholders in the ensuing AGM.

## NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board of Directors of the Company were held at regular intervals with a time gap of not more than 120 days between two consecutive meetings pursuant to provisions of the Act.

During the year under review, the Company held four meetings of the Board of Directors as per Section 173 of the Act, which are summarized below.

| Sr. No. | Date of Meeting | Board Strength | No. of Directors Present |
|---|---|---|---|
| 1 | April 21, 2023 | 5 | 5 |
| 2 | July 21, 2023 | 5 | 4 |
| 3 | October 25, 2023 | 5 | 5 |
| 4 | January 27, 2024 | 5 | 4 |

## COMMITTEES OF THE BOARD

The Company has constituted the Corporate Social Responsibility (CSR) Committee. The CSR Committee consists of four directors to oversee the discharge of CSR obligations, as required by Section 135 of the Act, and the relevant rules. During the year under review, Mr. Kishor Patil continues as Chaiman of CSR Committee. Mr. Girish Chandra Sabat, Mr. Rajesh Janwadkar, and Mr. Tushar Kanti Adhikary continue as other Members of the committee. During FY 2023-24, the CSR Committee met two times i.e., on April 21, 2023, and October 25, 2023. All the Members were present for both meetings except Mr. Kishor Patil for one meeting.

The CSR Committee has approved contribution towards various activities that are covered under Schedule VII of the Act. The Company has spent ₹ 24,67,185/- (Rupees Twenty-Four Lakhs Sixty-seven Thousand one hundred eighty-five only) during the financial year towards these eligible activities by way of contribution to educational institutions which are primarily focused on promotion of education. The Report on CSR activities of the Company for FY 2023-24 is annexed to this Report as **Annexure A**.

During the year under review, the Board constituted the Audit Committee and Nomination and Remuneration Committee with effect from March 29, 2024. Ms. Bhavna Doshi was Chairperson and Mr. Anil Patwardhan and Mr. Girish Chandra Sabat were the other Members of the Audit Committee. Mr. Anil Patwardhan was Chairman and Ms. Bhavna Doshi, Mr. Kishor Patil, and Mr. Rajesh Janwadkar were the other Members of the Nomination and Remuneration Committee. Committees met once on April 25, 2024, during FY 2024-25. All Members were present at the meetings. There were no meetings held during FY 2023-24. Pursuant to rule 4(2) of Companies (Appointment and Qualification of Directors) Rules, 2014, the Audit Committee has been dissolved with effect from June 18, 2024, by the Company on becoming a wholly owned subsidiary of KPIT. The whistle blower policy of KPIT is applicable to the Company.

## STATUTORY AUDITORS

M/s. BSR & Co. LLP (Firm Registration no. 101248W/W-100022) were appointed as the Statutory Auditors of the Company in the AGM of the Company held on August 23, 2022, for a term of five (5) years from the financial year 2022-23 (i.e., to hold office until the conclusion of AGM of the Company to be held in the year 2027).

No qualifications, reservation or adverse remark or disclaimer on the financial statements for the year ending March 31, 2024, prepared as per Section 133 of the Act, and notes on Accounts annexed thereto have been made by the Statutory auditors of the Company.

## REPORTING OF FRAUDS BY AUDITORS

During the year under review, the auditors have not reported to the Audit Committee, under Section 143 (12) of the Act, any instances of fraud committed in the Company by its officers or employees.

## ANNUAL RETURN

Pursuant to Sections 134(3)(a) and 92(3) of the Act, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return in e-form MGT-7 can be accessed on the Company's website at www.pathpartnertech.com.

## SECRETARIAL STANDARDS

During the year under review, the Company has complied with the applicable respective mandatory Secretarial Standards issued by the Institute of Company Secretaries of India.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

During the year under review, the Company has not given any loans, guarantees, or investments as per Section 186 of the Act.

## CHANGE IN THE NATURE OF BUSINESS, MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

During the year under review, there were no changes in the nature of business of the Company and there were no material changes and commitments affecting the financial position of the Company.

## DEPOSITS

The Company has neither accepted nor renewed any deposits during the financial year under review.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

### I CONSERVATION OF ENERGY:

The operations of the Company are not energy intensive. However, the Company has best endeavored to conserve consumption of energy wherever feasible.

- **Steps taken or impact on conservation of energy**

  Various strategies were adopted for energy conservation through (i) deployment of energy saving LED lights in the work premises (ii) enforcing "turn-off when not in use" practice for all the equipment.

- **Steps taken by the Company for utilizing alternate sources of energy**

  The operations of the Company are not energy intensive hence no alternative source of energy is required.

- **Capital investment on energy conservation equipment**

  The Company has not incurred any capital expenditure on energy conservation equipment.

### II TECHNOLOGY ABSORPTION:

- **The efforts made towards technology absorption**

  The Company is consistently investing in adopting and building competency in contemporary technologies. The technical personnel have been successful in adopting and innovating the new technologies.

- **The benefits derived like product improvements, cost reductions, product development or import Substitutions**

  The Company has been updating and is in line with technological changes and developments taking place globally.

- **In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)**

  There is no import of technology during the financial year under review, which can be reported under this clause.

**III FOREIGN EXCHANGE EARNINGS AND OUTGO**

As on the financial year ending March 31, 2024, the foreign exchange earnings are ₹ 935.03 million, and the foreign exchange outgo is ₹ 9.14 million. This includes the value of exports, imports and expenditure in foreign currency.

## RISK MANAGEMENT

The Company periodically reviews the risk profile and management's plans to identify the risks and mitigate / minimize the risks. The Board evaluates the existing as well as anticipated risks and the strategy to mitigate those risks within a defined time frame. The Board does not foresee any material risks which may threaten the existence of the Company.

## INTERNAL FINANCIAL CONTROLS

The internal control systems of the Company are adequate considering the nature of its business, size, and complexity. The Statutory Auditors of the Company have expressed their opinion on the adequacy of internal financial controls with reference to financial statements for the year under review and the operating effectiveness of such controls.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES UNDER SECTION 188(1) THE COMPANIES ACT, 2013

The details of transactions with the related parties in terms of existing contracts are mentioned in notes to the accounts and also detailed in Form No. AOC-2 has been annexed as **Annexure C** to this report. All the related party transactions as such are in the normal course of business and are at arm's length basis.

## DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company is committed to provide a safe and conducive work environment to its employees. The Company has a policy on prevention of sexual harassment at workplace and has put in place a redressal mechanism for resolving complaints received with respect to sexual harassment and discriminatory employment practices for all genders. The Company has duly constituted Internal Committee under the said policy in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. During the year under review, no case of sexual harassment was reported.

## DETAILS OF SUBSIDIARY/JOINT VENTURES/ ASSOCIATE COMPANIES

The Company has two wholly owned subsidiaries: PathPartner Technology Inc. incorporated in California, USA in FY 2010-11 and PathPartner Technology GmbH incorporated in Frankfurt, Germany in FY 2018-19. PathPartner Technology GmbH is under the process of closure/liquidation.

## PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT

- The overseas subsidiary Company in the USA (*viz.*, PathPartner Technology, Inc.) has established a decent delivery capability over the last 8 years and has recorded a turnover of $6,140,016 and has recorded profit before tax of $280,413 during the current financial year.
- The overseas subsidiary Company in the Germany (*viz.*, PathPartner Technology GmbH) has recorded a turnover of €0.00 and has recorded loss of € 18,492.19 during the current financial year.

As per Section 129 of the Act, read with Rule 6 of the Companies (Accounts) Rules, 2014, the Company being a subsidiary of KPIT has presented the consolidated financial statements which includes the financial statements of the Company and its subsidiaries namely PathPartner Technology GmbH and PathPartner Technology, Inc. Therefore, the Company has availed the exemption given under the Rule (6) of the Companies (Accounts) Rules, 2014, from presenting consolidated financial statements of the Company.

The statement containing salient features of the financial statement of Subsidiaries of the Company in Form No. AOC-1 has been annexed to this report as **Annexure B**.

## MAINTENANCE OF COST RECORDS

The maintenance of cost records as specified by the Central Government under Section 148 (1) of the Act is not applicable to the Company.

## INSOLVENCY AND BANKRUPTCY CODE

There is no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 as at the end of the financial year.

## THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

The provision regarding difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions is not applicable to the Company during the FY 2023-24.

## DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

No significant and material orders have been passed during the financial year under review by any judicial bodies or regulators, having an impact on the going concern status and Company's operations in future.

## DIRECTORS RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made for the same;
- appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2024 and of the Profit of the Company for the year ended March 31, 2024;
- proper and sufficient care have been taken for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis; and
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## ACKNOWLEDGEMENTS:

The directors thank the customers, vendors, shareholders, bankers and auditors for their continued support during the year. The directors especially thank employees for their relentless contribution to the growth of the Company. The directors also pay their homage to the patrons behind this initiative who have sought eternal abode.

For and on behalf of the Board of Directors

| | |
|---|---|
| Tushar Kanti Adhikary<br>Whole-time Director<br>(DIN: 00362585) | Girish Chandra Sabat<br>Whole-time Director<br>(DIN: 00913757) |

Place : Bengaluru
Date : July 22, 2024

# ANNEXURE A

## Annual Report on CSR Activities

### 1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY:

The CSR policy of the Company focuses on addressing critical social, environmental and economic needs of the underprivileged and deserving sections of society. The Company adopts an approach that integrates the solutions to these problems into the strategies of the Company to benefit the communities at large and create social and environmental impact. All projects are identified in a participatory manner, in consultation with the community, literally sitting with them and gauging their basic needs. The Company resources to the participatory rural appraisal mapping process. Subsequently, based on a consensus and in discussion with the participating teams, projects are prioritized. Arising from this, the focus areas that have emerged are education health care, sustainable livelihood, infrastructure development and espousing social causes.

### 2. COMPOSITION OF CSR COMMITTEE:

| Sr. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1 | Mr. Kishor Patil | Chairman | 2 | 1 |
| 2 | Mr. Rajesh Janwadkar | Member | 2 | 2 |
| 3 | Mr. Tushar Kanti Adhikary | Member | 2 | 2 |
| 4 | Mr. Girish Chandra Sabat | Member | 2 | 2 |

3. Provide the web-link(s) where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: www.pathpartnertech.com

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.:

   The Impact Assessment is not applicable to the Company as the total obligation for CSR spending does not exceed ₹ 10 Crores.

5. a) Average net profit of the company as per section 135(5): ₹ **11,71,85,432/-**

   b) Two percent of average net profit of the company as per section 135(5): ₹ **23,43,709/-**

   c) Surplus arising out of the CSR projects or programs or activities of the previous financial years: **Nil**

   d) Amount required to be set off for the financial year, if any: ₹ **1,28,175/-**

   e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ **22,15,534/-**

6. a) Amount Spent on CSR Projects (both Ongoing Project and other than ongoing projects): ₹ **23,50,000/-**

   b) Amount spent in Administrative Overheads: ₹ **1,17,185/-**

   c) Amount spent on Impact Assessment, if applicable: **NA**

   d) Total amount spent for the Financial Year[(a)+(b)+(c)]: ₹ **24,67,185/-**

   e) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year. (in ₹) | Amount Unspent (in ₹) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| ₹ **24,67,185/-** | NIL | NA | NA | NIL | NA |

f) Excess amount for set off, if any: ₹ **1,28,175/-**

| Sr. No. (1) | Particulars (2) | Amount (in ₹) (3) |
|---|---|---|
| (i) | Two percent of average net profit of the company as per section 135(5) | 22,15,534/- |
| (ii) | Total amount spent for the Financial Year | 24,67,185/- |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | 2,51,651/- |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NIL |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | 2,51,651/- |

7. Details of Unspent CSR amount for the preceding three financial years: **Nil**

| 1<br>Sr. No. | 2<br>Preceding Financial Year(s) | 3<br>Amount transferred to Unspent CSR Account under section 135 (6) (in ₹) | 4<br>Balance Amount in Unspent CSR Account under Section 135 (6) (in ₹) | 5<br>Amount spent in the reporting Financial Year (in ₹) | 6<br>Amount transferred to any fund specified under Schedule VII as per section 135(6), if any | | 7<br>Amount remaining to be spent in the succeeding financial years. (in ₹) | 8<br>Deficiency, if any |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount (in ₹) | Date of transfer | | |
| | | | | Nil | | | | |

8. Whether any capital assets have been created or acquired through CSR amount spent in the financial year: **No**

If yes, enter the number of Capital assets creates/acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

| Sr. No. (1) | Short particulars of the property or asset(s) [including complete address and location of the property] (2) | Pin code of the property or asset(s) (3) | Date of creation (4) | Amount of CSR amount spent (5) | Details of entity/ Authority/ beneficiary of the registered owner (6) | | |
|---|---|---|---|---|---|---|---|
| | | | | | CSR Registration Number, if applicable | Name | Registered Address |
| | | | | Nil | | | |

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **N.A.**

By order of the Board of Directors
PathPartner Technology Private Limited

Whole-time Director

Chairman of CSR Committee

Place: Bengaluru
Date: July 22, 2024

# ANNEXURE B

## FORM NO. AOC - 1

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

### PART "A": SUBSIDIARIES

| Sr. No. | Particulars | Details | Details |
|---|---|---|---|
| 1 | Name of the subsidiary | PathPartner Technology, Inc. | PathPartner Technology GmbH |
| 2 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Same as the Holding Company | Same as the Holding Company |
| 3 | Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries | US Dollar<br>Exchange Rate:<br>Closing Rate: 83.3700<br>Average Rate: 82.7999 | Euro<br>Exchange Rate:<br>Closing Rate: 90.2200<br>Average Rate: 89.8405 |
| 4 | Share capital | 4.17 | 6.77 |
| 5 | Reserves & surplus | 79.03 | (8.29) |
| 6 | Total assets | 135.78 | 2.71 |
| 7 | Total Liabilities | 52.58 | 4.23 |
| 8 | Investments | Nil | Nil |
| 9 | Turnover | 508.39 | Nil |
| 10 | Profit before taxation | 23.22 | (1.66) |
| 11 | Provision for taxation | (10.12) | Nil |
| 12 | Profit after taxation | 13.10 | (1.66) |
| 13 | Proposed Dividend | Nil | Nil |
| 14 | % of shareholding | 100% | 100% |

**Notes:**

1. Name of subsidiaries which are yet to commence operations - NIL
2. Names of subsidiaries which have been liquidated or sold during the year – NIL

### PART "B": ASSOCIATES AND JOINT VENTURES

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

**Notes:**

1. Names of associates or joint ventures which are yet to commence operations - NIL
2. Names of associates or joint ventures which have been liquidated or sold during the year - NIL

For and on behalf of the Board of Directors of
**PathPartner Technology Private Limited**
CIN: U72900KA2006PTC039891

**Kishor Patil**
Director
DIN: 00076190

**Tushar Kanti Adhikary**
Whole-time Director
DIN: 00362585

**Girish Chandra Sabat**
Whole-time Director
DIN: 00913757

Place : Pune
Date : July 22, 2024

# ANNEXURE C

## FORM NO. AOC - 2

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

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

1. **Details of contracts or arrangements or transactions not at arm's length basis:** Nil

2. **Details of material contracts or arrangement or transactions at arm's length basis:**

| Name(s) of the related party and nature of relationship (a) | Nature of contracts / arrangements / transactions (b) | Duration of the contracts / arrangements / transactions (c) | Salient terms of the contracts or arrangements or transactions including the value, if any: (d) | Date(s) of approval by the Board, if any: (e) | Amount paid/ received as advances, if any: (f) |
|---|---|---|---|---|---|
| **PathPartner Technology Inc. (PP USA)** (Wholly Owned Subsidiary) | Software development services (Revenue) | Contract shall be effective from April 01, 2022, and shall be valid until terminated, as per the provisions of this agreement. | PathPartner Technology Private Limited (PP India) will carry out the software development services as per the requirements of PP USA.<br>PP USA will pay to PP India a specified percentage of the offshore revenue as prescribed in intercompany service agreement from time to time. | As the transactions are in the ordinary course of business and at an arm's length basis, approval of the Board is not required. | Nil |
| **KPIT Technologies Inc. (KPIT USA)** (Fellow Subsidiary) | Software development services (Revenue) | Contract shall be effective from April 01, 2022, and shall be valid until terminated, as per the provisions of this agreement. | PP India will carry out the software development services as per the requirements of KPIT USA.<br>KPIT USA will pay to PP India a specified percentage of the offshore revenue as prescribed in intercompany service agreement from time to time. | As the transactions are in the ordinary course of business and at an arm's length basis, approval of the Board is not required. | Nil |
| **KPIT Technologies GmbH (KPIT Germany)** (Fellow Subsidiary) | Software development services (Revenue) | Contract shall be effective from April 01, 2022, and shall be valid until terminated, as per the provisions of this agreement. | PP India will carry out the software development services as per the requirements of KPIT Germany.<br>KPIT Germany will pay to PP India a specified percentage of the offshore revenue as prescribed in intercompany service agreement from time to time. | As the transactions are in the ordinary course of business and at an arm's length basis, approval of the Board is not required. | Nil |

For and on behalf of the Board of Directors of
**PathPartner Technology Private Limited**
CIN: U72900KA2006PTC039891

**Tushar Kanti Adhikary**
Whole-time Director
(DIN: 00362585)

**Girish Chandra Sabat**
Whole-time Director
(DIN: 00913757)

Place : Pune
Date : July 22, 2024

# ANNEXURE D

## DETAILS OF THE EMPLOYEES STOCK OPTION SCHEME

| Sr. No. | Particulars | | Employee Stock Option Plan-2015 |
|---|---|---|---|
| 1 | Options granted | | NIL |
| 2 | Options vested | | 3,900 |
| 3 | Options exercised | | 14,728 |
| 4 | Total number of shares arising as a result of exercise of option | | 14,728 |
| 5 | Options lapsed | | NIL |
| 6 | Exercise price | | ₹ 30/- per option |
| 7 | Variation of terms of options | | NA |
| 8 | Money realized by exercise of options | | ₹ 4,41,840/- |
| 9 | Total number of options in force | | NIL post exercise of options |
| 10 | Employee wise details of options granted to | | No options have been granted during FY 2023-24 |
| | (i) | Key Managerial Personnel | - |
| | (ii) | Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year. | - |
| | (iii) | Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant. | - |

# Independent Auditor's Report

**To the Members of PathPartner Technology Private Limited**

**Report on the Audit of the Financial Statements**

## OPINION

We have audited the financial statements of PathPartner Technology Private Limited (the "Company") which comprise the balance sheet as at 31 March 2024, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material 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 aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit and other comprehensive income, 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 Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

## MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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 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 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 over ride of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. A. As required by Section 143(3) of the Act, we report that:
    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 2(B)(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
    c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
    d. In our opinion, the aforesaid financial statements comply with the IndAS specified under Section 133 of the Act.
    e. On the basis of the written representations received from the directors as on 31 March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.
    f. the reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(A)(b) above on reporting under Section 143(3)(b) and paragraph 2(B)(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
    g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

a. The Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its financial statements - Refer Note 36 to the financial statements.

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

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

d (i) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 45 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 45 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The Company has neither declared nor paid any dividend during the year.

f. Based on our examination which included test checks, except for the instances mentioned below, the Company has used accounting softwares for maintaining its books of account, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective softwares:

- The feature of recording audit trail (edit log) facility was not enabled at the database level to log any direct data changes in the accounting softwares used for maintaining all books of accounts.
- The feature of recording audit trail (edit log) facility was not enabled for certain fields and tables at the application layer of the accounting software used for maintaining books of accounts relating to Revenue and Receivables, Payroll, Financial Reporting, Property, plant and equipments, Purchase and payables.

Further, for the periods where audit trail (edit log) facility was enabled and operated throughout the year for the respective accounting software, we did not come across any instance of the audit trail feature being tampered with.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us the remuneration paid by the Company to its directors during the currrent year is in accordance with the provision of Section 197 of the Act. The remuneration paid to any director by the Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No.: 101248W/W-100022

**Swapnil Dakshindas**
*Partner*
Membership No.: 113896
ICAI UDIN: 24113896BKFIFN2827

Place: Pune
Date: 29 April 2024

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF PATHPARTNER TECHNOLOGY PRIVATE LIMITED FOR THE YEAR ENDED 31 MARCH 2024

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

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

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company is a service company, primarily rendering Product Engineering solutions and services to Automobile and Mobility Sector. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause3(ii)(b) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the years since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of Income-Tax deducted at source and Goods and Services Tax.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

| Name of the statute | Nature of the dues | Amount (INR in million) | Period to which the amount relates | Forum where dispute is pending | Remarks, if any |
|---|---|---|---|---|---|
| Income-Tax Act, 1961 | Income-Tax | 3.21 | AY 2017-18 | Commissioner of Income-Tax (Appeals) | |

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act).

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

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

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

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

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of there lated party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

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

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

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

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

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

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

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

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

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No.: 101248W/W-100022

**Swapnil Dakshindas**
*Partner*
Membership No.: 113896
ICAI UDIN: 24113896BKFIFN2827

Place: Pune
Date: 29 April 2024

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF PATHPARTNER TECHNOLOGY PRIVATE LIMITED FOR THE YEAR ENDED 31 MARCH 2024

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

**(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

### OPINION

We have audited the internal financial controls with reference to financial statements of PathPartner Technology Private Limited ("the Company") as of 31 March 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITIES FOR INTERNAL FINANCIAL CONTROLS

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### AUDITOR'S RESPONSIBILITY

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

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

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

### MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No.: 101248W/W-100022

**Swapnil Dakshindas**
*Partner*
Membership No.: 113896
ICAI UDIN: 24113896BKFIFN2827

Place: Pune
Date: 29 April 2024

# BALANCE SHEET

(Amount in ₹ million)

| | Note | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 54.79 | 39.67 |
| Right-of-use assets | 4 | 142.66 | 87.40 |
| Capital work-in-progress | 3.1 | - | - |
| Other intangible assets | 5 | 2.65 | 4.70 |
| Intangible assets under development | 5.1 | - | - |
| Financial assets | | | |
| Investments | 6 | 2.88 | 2.88 |
| Other financial assets | 7 | 40.43 | 51.81 |
| Income tax assets (net) | | 5.15 | 14.02 |
| Deferred tax assets (net) | 8 | 18.62 | 22.33 |
| Other non-current assets | 9 | 5.93 | - |
| | | **273.11** | **222.81** |
| **Current assets** | | | |
| Financial assets | | | |
| Investments | 10 | 384.65 | 37.71 |
| Trade receivables | 11 | | |
| Billed | | 213.22 | 213.31 |
| Unbilled | | 19.59 | 22.06 |
| Cash and cash equivalents | 12 | 36.09 | 6.16 |
| Bank balances other than cash and cash equivalents | 13 | 50.70 | 54.96 |
| Loans | 14 | - | - |
| Other financial assets | 15 | 9.79 | 122.97 |
| Other current assets | 16 | 46.70 | 40.56 |
| | | **760.74** | **497.73** |
| **TOTAL ASSETS** | | **1,033.85** | **720.54** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 17 | 11.13 | 10.98 |
| Other equity | | 692.77 | 474.31 |
| **Total equity** | | **703.90** | **485.29** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Lease liabilities | 35 | 116.45 | 70.30 |
| Provisions | 18 | 50.44 | 58.10 |
| | | **166.89** | **128.40** |

(Amount in ₹ million)

| | Note | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|---|
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Lease liabilities | 35 | 28.60 | 15.52 |
| Trade payables | 19 | | |
| (i) Total outstanding dues of micro enterprises and small enterprises | | 1.12 | 0.40 |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 19.91 | 16.17 |
| Other financial liabilities | 20 | 27.63 | 21.44 |
| Other current liabilities | 21 | 61.15 | 38.10 |
| Provisions | 22 | 7.09 | 7.25 |
| Income tax liabilities (net) | | 17.56 | 7.97 |
| | | **163.06** | **106.85** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,033.85** | **720.54** |

See accompanying notes to the financial statements

As per our report of even date attached

**For B S R & Co. LLP**
**Chartered Accountants**
**Firm Registration Number: 101248W/W-100022**

**Swapnil Dakshindas**
Partner
Membership No. 113896

Place: Pune
Date: 29 April 2024

**For and on behalf of the Board of Directors of**
**PathPartner Technology Private Limited**
CIN: U72900KA2006PTC039891

**Kishor Patil**
Director
DIN: 00076190

Place: Pune
Date: 25 April 2024

**Tushar Kanti Adhikary**
Director
DIN: 00362585

Place: Bengaluru
Date: 25 April 2024

**Girish Chandra Sabat**
Director
DIN: 00913757

Place: Bengaluru
Date: 25 April 2024

# STATEMENT OF PROFIT AND LOSS

(Amount in ₹ million)

| Particulars | Note | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|---|---|---|
| Revenue from operations | 23 | 1,167.96 | 1,032.81 |
| Other income | 24 | 20.24 | 88.56 |
| **Total income** | | **1,188.20** | **1,121.37** |
| | | | |
| **Expenses** | | | |
| Employee benefits expense | 25 | 753.09 | 744.16 |
| Finance costs | 26 | 14.40 | 2.88 |
| Depreciation and amortization expense | 3, 4 and 5 | 49.95 | 46.23 |
| Other expenses | 27 | 93.62 | 129.02 |
| **Total expenses** | | **911.06** | **922.29** |
| | | | |
| **Profit before exceptional items and tax** | | **277.14** | **199.08** |
| Exceptional item | | - | - |
| **Profit before tax** | | **277.14** | **199.08** |
| | | | |
| **Tax expense** | 33 | | |
| Current tax | | 75.07 | 32.62 |
| Deferred tax | | (1.21) | 21.86 |
| **Total tax expense** | | **73.86** | **54.48** |
| | | | |
| **Profit after tax for the year** | | **203.28** | **144.60** |
| | | | |
| **Other comprehensive income** | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Remeasurements of defined benefit plans - gain/(loss) | 30 | 15.41 | (1.73) |
| Income tax on items that will not be reclassified subsequently to profit or loss | 33 | (3.86) | (0.05) |
| Items that will be reclassified subsequently to profit or loss | | | |
| Effective portion of gains on hedging instruments in cash flow hedges | 28 | 4.19 | (5.24) |
| Income tax on items that will be reclassified subsequently to profit or loss | 33 | (1.05) | 1.32 |
| | | | |
| **Total other comprehensive income/(loss)** | | **14.69** | **(5.70)** |
| **Total comprehensive income for the year** | | **217.97** | **138.90** |
| **Earnings per equity share (face value per share ₹ 10 each)** | 34 | | |
| Basic Earnings per share | | 183.51 | 133.02 |
| Diluted Earnings per share | | 182.71 | 129.94 |

See accompanying notes to the financial statements

As per our report of even date attached

**For B S R & Co. LLP**
**Chartered Accountants**
**Firm Registration Number: 101248W/W-100022**

**For and on behalf of the Board of Directors of**
**PathPartner Technology Private Limited**
CIN: U72900KA2006PTC039891

**Swapnil Dakshindas**
Partner
Membership No. 113896
Place: Pune
Date: 29 April 2024

**Kishor Patil**
Director
DIN: 00076190
Place: Pune
Date: 25 April 2024

**Tushar Kanti Adhikary**
Director
DIN: 00362585
Place: Bengaluru
Date: 25 April 2024

**Girish Chandra Sabat**
Director
DIN: 00913757
Place: Bengaluru
Date: 25 April 2024

# STATEMENT OF CHANGES IN EQUITY

(Amount in ₹ million)

## A EQUITY SHARE CAPITAL (REFER NOTE 17)

| Balance as at 1 April 2023 | Changes in equity share capital due to prior period errors | Restated balance as at 1 April 2023 | Changes in equity share capital during the year | Balance as at 31 March 2024 |
|---|---|---|---|---|
| 10.98 | - | 10.98 | 0.15 | 11.13 |

| Balance as at 1 April 2022 | Changes in equity share capital due to prior period errors | Restated balance as at 1 April 2022 | Changes in equity share capital during the year | Balance as at 31 March 2023 |
|---|---|---|---|---|
| 10.79 | - | 10.79 | 0.19 | 10.98 |

## B OTHER EQUITY

| | Reserves and surplus | | | | Items of other comprehensive income | | Total other equity |
|---|---|---|---|---|---|---|---|
| | Securities Premium | General reserve | Retained earnings | Share based payment reserve | Effective portion of cash flow hedges (Refer note 28.3) | Re-measurement of net defined benefit plan (Refer note 30) | |
| **Balance as at 1 April 2023** | **9.66** | **25.11** | **429.94** | **12.93** | **(3.14)** | **(0.19)** | **474.31** |
| Profit for the year | - | - | 203.28 | - | - | - | 203.28 |
| Other comprehensive income/(loss) (net of tax) | - | - | - | - | 3.14 | 11.55 | 14.69 |
| **Total comprehensive income/(loss) for the year** | **-** | **-** | **203.28** | **-** | **3.14** | **11.55** | **217.97** |
| **Others** | | | | | | | |
| Premium on shares allotted under ESOP scheme | 29.37 | (15.96) | - | (13.12) | - | - | 0.29 |
| Transfer to general reserve from share based payment reserve | - | - | - | - | - | - | - |
| Share based payment to employees (net) | - | - | - | 0.19 | - | - | 0.19 |
| **Balance as at 31 March 2024** | **39.03** | **9.15** | **633.23** | **-** | **-** | **11.36** | **692.77** |
| | | | | | | | |
| **Balance as at 1 April 2022** | 9.29 | 9.16 | 285.34 | 23.83 | 0.78 | 1.59 | 329.99 |
| Profit for the year | - | - | 144.60 | - | - | - | 144.60 |
| Other comprehensive income/(loss) (net of tax) | - | - | - | - | (3.92) | (1.78) | (5.70) |
| **Total comprehensive income/(loss) for the year** | **-** | **-** | **144.60** | **-** | **(3.92)** | **(1.78)** | **138.90** |
| **Others** | | | | | | | |
| Premium on shares allotted under ESOP scheme | 0.37 | - | - | - | - | - | 0.37 |
| Transfer to general reserve from share based payment reserve | - | 15.95 | - | (15.95) | - | - | - |
| Share based payment to employees (net) | - | - | - | 5.05 | - | - | 5.05 |
| **Balance as at 31 March 2023** | **9.66** | **25.11** | **429.94** | **12.93** | **(3.14)** | **(0.19)** | **474.31** |

# STATEMENT OF CHANGES IN EQUITY

**NATURE AND PURPOSE OF RESERVES:**

### i) Securities Premium

Securities Premium includes:

a. The amount received in excess of the per share value of equity shares has been classified as securities premium.

b. Fair value of options recognised in share based payment reserve upon allotment of shares.

### ii) General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to Statement of Profit and Loss.

### iii) Retained earnings

Retained earnings comprises of the undistributed accumulated earnings of the Company as on the balance sheet date. This amount can be used to distribute dividend to equity shareholders.

### iv) Share based payment reserve

Share based payment reserve is used to record the fair value of equity-settled share-based payment transactions with employees over the vesting period. This reserve is utilized upon exercise of options. Refer note 31 for the details of employee stock options schemes.

See accompanying notes to the financial statements

As per our report of even date attached

**For B S R & Co. LLP**
**Chartered Accountants**
**Firm Registration Number: 101248W/W-100022**

**For and on behalf of the Board of Directors of**
**PathPartner Technology Private Limited**
CIN: U72900KA2006PTC039891

**Swapnil Dakshindas**
Partner
Membership No. 113896
Place: Pune
Date: 29 April 2024

**Kishor Patil**
Director
DIN: 00076190
Place: Pune
Date: 25 April 2024

**Tushar Kanti Adhikary**
Director
DIN: 00362585
Place: Bengaluru
Date: 25 April 2024

**Girish Chandra Sabat**
Director
DIN: 00913757
Place: Bengaluru
Date: 25 April 2024

# STATEMENT OF CASH FLOWS

(Amount in ₹ million)

| | Particulars | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|---|---|---|
| A | CASH FLOW FROM OPERATING ACTIVITIES | | |
| | Profit before tax for the year | 277.14 | 199.08 |
| | **Adjustments for:** | | |
| | Depreciation and amortization expense | 49.95 | 46.23 |
| | Interest expense | 14.40 | 2.88 |
| | Provision for impairment | - | (0.61) |
| | Interest income | (6.75) | (5.40) |
| | Dividend income | (1.20) | (1.88) |
| | Property, plant and equipments and other intangible assets written off | - | 0.41 |
| | Net loss/(profit) on disposal of property, plant and equipments | - | (0.03) |
| | Unrealised gain on investment carried at fair value through profit and loss (net) | (8.97) | - |
| | Realised gain on investment carried at fair value through profit and loss (net) | (0.70) | - |
| | Provision for doubtful debts and advances (net) | (0.58) | 0.06 |
| | Bad debts written off | 4.89 | - |
| | Share based compensation expenses | 0.17 | 4.53 |
| | Net unrealised foreign exchange loss/(gain) | 1.58 | (3.84) |
| | Others | (0.14) | - |
| | **Operating profit before working capital changes** | **329.79** | **241.43** |
| | | | |
| | **Adjustments for changes in working capital:** | | |
| | Trade receivables | (3.29) | (26.26) |
| | Other financials assets and other assets | 95.54 | (52.90) |
| | Trade payables | 4.43 | (5.24) |
| | Other financial liabilities, other liabilities and provisions | 39.77 | (99.65) |
| | **Cash generated from operations** | **466.24** | **57.38** |
| | Taxes paid (net) | (56.61) | (31.61) |
| | **Net cash generated from operating activities (A)** | **409.63** | **25.77** |
| | | | |
| B | CASH FLOW FROM INVESTING ACTIVITIES | | |
| | Purchase of property, plant and equipment and intangible assets | (36.26) | (21.04) |
| | Proceeds from sale of property, plant and equipment | 0.04 | 0.12 |
| | Investment in subsidiary | - | (3.98) |
| | Investment in mutual fund | (491.00) | (169.00) |
| | Proceeds from sale of investment in mutual fund | 154.90 | 204.36 |
| | Dividend received on mutual funds | - | - |
| | Interest received | 7.98 | 2.05 |
| | Dividend received | - | - |
| | Purchase of fixed deposits with banks having maturity over three months | (27.13) | (77.84) |
| | Proceeds from fixed deposits with banks having maturity over three months | 48.69 | 42.19 |
| | **Net cash used in investing activities (B)** | **(342.78)** | **(23.14)** |

# STATEMENT OF CASH FLOWS

(Amount in ₹ million)

| Particulars | | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|---|---|---|
| **C** | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Payment of lease liabilities* | (37.53) | (33.64) |
| | Proceeds from shares issued under ESOP scheme including premium | 0.44 | 0.56 |
| | **Net cash used in financing activities (C)** | **(37.09)** | **(33.08)** |
| | | | |
| **D** | **Exchange differences on translation of foreign currency cash and cash equivalents** | 0.17 | 2.41 |
| | **Net increase/(decrease) in cash and cash equivalents (A + B + C + D)** | **29.93** | **(28.04)** |
| | Cash and cash equivalents at close of the year (Refer note 12) | 36.09 | 6.16 |
| | Cash and cash equivalents at beginning of the year | 6.16 | 34.20 |
| | **Cash surplus/(deficit) for the year** | **29.93** | **(28.04)** |

***Reconciliation of liabilities from financing activities for the year ended 31 March 2024:**

| Particulars | Leases (Refer note 35) |
|---|---|
| Balance at the start of the year | 85.82 |
| Less: Cash outflow (payment of lease liabilities) | 37.53 |
| Add: Non-cash changes | 96.76 |
| Closing balance at the end of the year | 145.05 |

***Reconciliation of liabilities from financing activities for the year ended 31 March 2023:**

| Particulars | Leases (Refer note 35) |
|---|---|
| Balance at the start of the year | 32.10 |
| Less: Cash outflow (payment of lease liabilities) | 33.64 |
| Add: Non-cash changes | 87.36 |
| Closing balance at the end of the year | 85.82 |

See accompanying notes to the financial statements

As per our report of even date attached

**For B S R & Co. LLP**
**Chartered Accountants**
**Firm Registration Number: 101248W/W-100022**

**For and on behalf of the Board of Directors of**
**PathPartner Technology Private Limited**
CIN: U72900KA2006PTC039891

**Swapnil Dakshindas**
Partner
Membership No. 113896
Place: Pune
Date: 29 April 2024

**Kishor Patil**
Director
DIN: 00076190
Place: Pune
Date: 25 April 2024

**Tushar Kanti Adhikary**
Director
DIN: 00362585
Place: Bengaluru
Date: 25 April 2024

**Girish Chandra Sabat**
Director
DIN: 00913757
Place: Bengaluru
Date: 25 April 2024

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

*for the year ended 31st March 2024*

## 1 COMPANY OVERVIEW

PathPartner Technology Private Limited ("the Company") is predominantly engaged in the business of developing embedded solutions and conduct research activities in the areas of automotive driver assistance system & infotainment, automotive in-cabin sensing, multimedia and Internet-of-things. The In-house research activity carried on by the Company is approved by Department of Scientific and Industrial Research, Government of India.

The Company is a private limited company incorporated in India on 6th July, 2006 with CIN: U72900KA2006PTC039891 and having its registered office at PSS Plaza, New Tippasandra Main Road, HAL III Stage, Bengaluru 560075, India.

## 2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### 2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind-AS") as per the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, notified under section 133 of the Companies Act, 2013 ("Act") and other relevant provisions of the Act.

These financial statements are presented in millions of Indian rupees (₹) rounded off to two decimal places, except per share information, unless otherwise stated.

These financial statements have been prepared and approved by the Board of directors on 25 April 2024.

### 2.2 BASIS OF MEASUREMENT OF FINANCIAL STATEMENTS

These financial statements have been prepared on the historical cost basis, except for share based payments, defined benefit obligations and certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

### 2.3 BASIS OF PREPARATION OF STATEMENT OF CASH FLOWS

The statement of cash flows has been prepared under the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

### 2.4 USE OF ESTIMATES AND JUDGEMENT

The preparation of financial statements requires the management of the Company to make judgments, estimates and assumptions that affect the reported balances of assets and liabilities and disclosures under notes forming part of financial statements as at the date of the financial statements and reported amounts of income and expenditure during the year. Actual results could differ from estimates. Differences between actual results and estimates are recognised in the year in which the results are known/materialized.

#### Critical accounting estimates

**i. Revenue Recognition**

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to determine the costs expended to date as a proportion of the total estimated costs to be expended. Costs expended have been used to measure progress towards completion as generally it is estimated that there is a direct relationship between input and output in respect of work completed.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the period end date.

**ii. Income tax**

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions (if any).

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

*for the year ended 31st March 2024*

**iii. Valuation of deferred tax assets**

The Company reviews carrying amount of deferred tax asset at the end of each reporting period. The policy has been explained under note 3.18.

**iv. Impairment of investment in subsidiaries**

The Company reviews its carrying value of investments carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the Statement of Profit and Loss. Significant judgements and estimates are involved while computing the recoverable amount.

**v. Measurement of defined benefit obligation, key actuarial assumptions and share based payments**

Information about assumptions and estimation uncertainties in respect of defined benefit obligation and share based payments are included in note 30 and 31.

**vi. Provisions and contingent liabilities**

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities.

**vii. Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind-AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the Company and affects whether it is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

## 3 MATERIAL ACCOUNTING POLICIES

### 3.1 CURRENT–NON-CURRENT CLASSIFICATION

All assets and liabilities are classified into current and non-current.

***Assets***

An asset is classified as current when it satisfies any of the following criteria:

i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

ii) it is held primarily for the purpose of being traded;

iii) it is expected to be realised within 12 months after the reporting date; or

iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

***Liabilities***

A liability is classified as current when it satisfies any of the following criteria:

i) it is expected to be settled in the Company's normal operating cycle;

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

*for the year ended 31st March 2024*

ii) it is held primarily for the purpose of being traded;

iii) it is due to be settled within 12 months after the reporting date; or

iv) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

***Operating cycle***

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The operating cycle of the Company is less than twelve months.

## 3.2 FOREIGN CURRENCY TRANSACTIONS

### i. Functional and presentation currency

Indian Rupee is the Company's functional as well as presentation currency.

**ii.** Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currencies are translated into the functional currency at the year-end rates. The exchange differences so determined and also the realised exchange differences are recognised in the Statement of Profit and Loss. Non-monetary items denominated in foreign currencies and measured at fair value are translated into the functional currency at the exchange rate prevalent at the date when the fair value was determined. Non-monetary items denominated in foreign currencies and measured at historical cost are translated into the functional currency at the exchange rate prevalent at the date of transaction.

## 3.3 FINANCIAL INSTRUMENTS

### i. Initial recognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value, except for trade receivables which are initially measured at transaction price. 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 or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

### ii. Subsequent measurement

**a) Non-derivative financial instruments**

**Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset 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 at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling 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 assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

*for the year ended 31st March 2024*

However, in cases where the Company has made an irrevocable election for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, the subsequent changes in fair value are recognised in other comprehensive income.

**Financial liabilities**

Financial liabilities are subsequently carried at amortised cost using the effective interest method, except for contingent consideration recognised in a business combination which is subsequently measured at fair value through 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) Derivative financial instruments**

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The Company does not use derivative financial instruments for speculative purposes. The counter-party to the Company's foreign currency forward contracts is generally a bank.

**Financial assets or financial liabilities, at fair value through profit or loss**

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in the Statement of Profit and Loss, when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/ liabilities in this category are presented as current assets/ current liabilities if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

**Cash flow hedge**

The use of hedging instruments is governed by the Company's policy approved by the Board of Directors, which provides written principles on the use of such financial derivatives consistent with the Company's risk management strategy.

The Company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on firm commitments and highly probable forecast transactions.

Hedging instruments are initially measured at fair value and are re-measured at subsequent reporting dates. The effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the Cash Flow Hedging Reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Profit and Loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecast transactions any cumulative gain or loss on the hedging instrument recognised in Cash Flow Hedging Reserve is retained until the forecast transaction occurs. When a hedged transaction occurs or is no longer expected to occur, the net cumulative gain or loss recognised in Cash Flow Hedging Reserve is transferred to the Statement of Profit and Loss.

The amount recognised in Other Comprehensive Income is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the Statement of Profit and Loss and other comprehensive income.

### iii. Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind-AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

### iv. Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities cannot be measured based on quoted prices in active markets, the Company uses discounted cash flow analysis method for the fair value of its financial instruments except for employee stock options, where Black and Scholes options pricing model is used. The method of assessing fair value results in general approximation of value and such value may never actually be realised.

For all other financial instruments the carrying amount approximates fair value due to short maturity of those instruments.

**v. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## 3.4 PROPERTY, PLANT AND EQUIPMENT

### Recognition and measurement

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if 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. Property, plant and equipment are carried at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Company.

### Capital work-in-progress and Capital advances

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work-in-progress. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed under Other Non-Current Assets.

### Depreciation

Depreciation on property, plant and equipment is provided on the straight-line method over the useful lives of the assets. The estimated useful lives are as follows:

| Type of asset | Useful life (No. of years) |
|---|---|
| Buildings | 30 |
| Plant and equipment(1) | 4-5 |
| Office Equipment(1) | 10 |
| Owned Vehicle(1) | 5 |
| Furniture and fixtures(1) | 8 |

(1) For these class of assets, based on internal assessment, the useful lives as given above are believed to best represent the period over which the assets are expected to be used. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Improvements to leased premises are depreciated over the remaining non-cancellable period of the lease.

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

### Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in the Statement of Profit and Loss when the item is derecognised.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

*for the year ended 31st March 2024*

## 3.5 LEASES

A contract, or part of a contract, is a lease if that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

### The Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate standalone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments that depend on an index or a rate, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in the Statement of Profit and Loss.

The Company has elected not to apply the requirements of Ind-AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

### The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognised on a straight line basis over the term of the relevant lease. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, the Company applies Ind-AS 115 Revenue to allocate the consideration in the contract.

## 3.6 INTANGIBLE ASSETS

### Recognition and measurement

Intangible assets are stated at cost less accumulated amortization and accumulated impairment, if any.

In case of internally generated intangibles, costs incurred during the research phase of a project are expensed when incurred. Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable borrowing costs (in the same manner as in the case of property, plant and equipment). Other development expenditure is recognised in the Statement of Profit and Loss as incurred.

### Amortisation

Perpetual software licenses are amortised over 4 years. However, time-based software licenses are amortised over the license period.

Capitalised development costs are amortised over a period of 3 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

### Derecognition

Intangible fixed assets are derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal or when the economic benefits are not measurable. The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognised in the Statement of Profit and Loss when the asset is derecognised.

## 3.7 IMPAIRMENT

### i. Financial assets

The Company assesses at each Balance Sheet date whether a financial asset or a group of financial assets is impaired. Ind-AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recorded as an impairment gain or loss in the Statement of Profit and Loss.

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. While assessing the recoverability of receivables including unbilled receivables, the Company has considered internal and external information up to the date of approval of these standalone financial statements including credit reports and economic forecasts. The Company expects to recover the carrying amount of these assets.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

*for the year ended 31st March 2024*

### ii. Non- financial assets

**Property, plant and equipment and intangible assets**

The management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. Impairment loss is recognised when the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's fair value less cost of disposal and value in use. For the purpose of impairment testing, assets are grouped together into the smallest group of assets (cash generating unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Intangible assets which are not yet available for use are tested for impairment annually. Other assets (tangible and intangible) are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated.

If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the assets or CGU's recoverable amount is estimated. For assets other than goodwill, the impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised. Such a reversal is recognised in the Statement of Profit and Loss.

## 3.8 INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries are measured at cost less impairment.

## 3.9 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company recognises provisions only when it has a present legal or constructive obligation 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 when a reliable estimate of the amount of the obligation can be made.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

No provision is recognised for –

a. Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

b. Present obligations that arise from past events but are not recognised because-

   1) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   2) A reliable estimate of the amount of obligation cannot be made.

   Such obligations are disclosed as contingent liabilities. These are assessed continually and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

   Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

   Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Company recognises any impairment loss on the assets associated with that contract.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

*for the year ended 31st March 2024*

### 3.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash on hand, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a short maturity of three months or less from the date of investment.

### 3.11 REVENUE RECOGNITION

The Company derives revenues primarily from providing engineering services which includes design engineering services, embedded software development with its related services and from the sale of licenses and products.

The following is the summary of significant accounting policies related to revenue recognition:

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

Arrangements with customers for such engineering and its related services are bifurcated into following key categories:

a. Revenue on time and material contracts for the reporting period is recognised as and when the related services are performed and billed to the end customers. If billing for the related services is not done during the reporting period, revenue is recognized as unbilled revenue at the end of the reporting period.

b. Revenue from fixed price contracts where the performance obligations are directly linked to costs expended and are satisfied over time and there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. Costs expended have been used to measure progress towards completion as generally there is a direct relationship between input and output in respect of work completed.

c. Maintenance revenue is recognised ratably over the term of the underlying maintenance arrangement.

d. Revenue from client training, support and other services arising due to the sale of software products is recognised as the services are performed.

e. Revenue from internally developed software product licenses where the customer obtains a “right to use” the license is recognised at the time the license is made available to the customer. Revenue from licenses where the customer obtains a “right to access” is recognised over the access period.

f. Revenue from sale of third party licenses is recognised only when the sale is completed by passing ownership.

g. Revenue from sale of hardware products is recognized upon actual delivery of goods along with transfer of control and significant risks and rewards to the customers.

   The following are the details of key significant accounting policies related to revenue recognition for all the above mentioned categories:

   a. Revenue in excess of invoicing is classified either as contract asset (unbilled revenue) or financial asset (unbilled revenue), while invoicing in excess of revenue is classified as contract liabilities (unearned revenue).

   b. Unbilled revenue is classified as contract asset when there is a right to consideration in exchange for goods or services which is conditional on something other than the passage of time. Whereas, it is classified as financial asset when such right to consideration in exchange for goods or services is conditional only on passage of time.

   c. Amount billed in advance, without services being rendered, is classified as unearned revenue (contract liabilities).

      Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses and incentives, if any, as specified in the contract with the customer. Expenses reimbursed by customers during the project execution are recorded as reduction to associated costs.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

*for the year ended 31st March 2024*

d. The Company accounts for volume and/or trade discounts to customers as a reduction of revenue. Also, when the level of discount varies with increases in levels of revenue transactions, the company recognises the liability based on its estimate of the customer's future purchases. The Company recognises changes in the estimated amount of obligations for discounts in the period in which the change occurs. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

e. When there is an uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

f. In accordance with Ind-AS 37, provision for onerous contract/ estimated losses, if any, on uncompleted contracts are recorded in a period in which such losses become probable based on the expected contract estimates at the period end date.

   The Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received."

g. The Company presents revenues net of indirect tax in its Statement of Profit and Loss.

h. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services(ATS). The Company has applied the principles under Ind-AS 115 to account for revenues from these performance obligations. When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two separate performance obligations, the transaction price for such contracts is allocated to each performance obligation of the contract based on its relative standalone selling prices. In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost plus margin approach. Where the license is required to be substantially customised as part of the implementation service, the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognised using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognised as the performance obligations are satisfied. ATS revenue is recognised ratably over the period in which the services are rendered.

   Significant judgments in revenue recognition:

   a. The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products/services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgment to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

   b. Judgment is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

   c. The Company uses judgment to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

*for the year ended 31st March 2024*

d. The Company exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

e. Revenue from fixed price contracts where the performance obligations are directly linked to costs expended and are satisfied over time and there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. The Company uses judgment to estimate the future cost-to-completion of the contracts which is used to determine the degree of the completion of the performance obligation.

## 3.12 OTHER INCOME

Other income primarily consist of interest income, dividend income, net gain on investment and net foreign exchange gain. Interest income is recognised using the effective interest method. Dividend income is recognised when right to receive payment is established.

## 3.13 FINANCE COSTS

Finance costs include interest cost on borrowings and lease liabilities. Borrowing costs are recognised using effective interest rate method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of that asset. All other borrowing costs are charged to the Statement of Profit and Loss.

The exchange differences arising from foreign currency borrowings, to the extent that they are regarded as an adjustment to interest costs, are regrouped from foreign exchange differences to finance costs.

## 3.14 EMPLOYEE BENEFITS

### i. Defined benefit plan

The Company's gratuity scheme is a defined benefit plan (funded). For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with independent actuarial valuations being carried out at each Balance Sheet date. Remeasurement of net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effects of asset ceiling (if any, excluding interest) are recognised in other comprehensive income for the period in which they occur. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss. Past service cost is recognised immediately to the extent that the benefits are already vested or amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets, if any. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

### ii. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

### iii. Compensated absences

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the compensated

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

*for the year ended 31st March 2024*

absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method. Remeasurement gains/losses are recognised in the Statement of Profit and Loss in the period in which they arise.

**iv. Other employee benefits**

The undiscounted amount of short-term employee benefits and discounted amount of long term employee benefit, expected to be paid in exchange for the services rendered by employees, are recognised during the period when the employee renders the service.

### 3.15 RESEARCH AND DEVELOPMENT:

Costs incurred during the research phase of a project are expensed when incurred. Costs incurred in the development phase are recognised as an intangible asset in accordance with policy defined in 3.6.

### 3.16 EMPLOYEE STOCK OPTION

In respect of stock options granted pursuant to the Company's Employee Stock Option Scheme, the Company recognises employee compensation expense, using the grant date fair value in accordance with Ind-AS 102 - Share Based Payment, on straight line basis over the period over which the employees would become unconditionally entitled to apply for the shares.

When the terms of the share-based payment arrangement are modified, the minimum expense recognised is the expense had the terms not been modified. Additional expense is recognised on modification that increase the total fair value of the share-based payment arrangement or are otherwise beneficial to the employee. Where the grant of equity instruments is cancelled by the entity, the remaining fair value is recognised immediately in the Statement of Profit and Loss.

For the stock options granted to the employees of the subsidiaries, the share based compensation expenses are charged to the respective subsidiary.

### 3.17 DIVIDEND

The Company declares and pays dividends in Indian rupees. Final dividend and interim dividend on equity shares are recorded as a liability on approval by the shareholders and on declaration by the Company's Board of Directors respectively. Dividends declared by the Company are based on profits available for distribution.

### 3.18 INCOME TAXES

Income tax expense comprises current and deferred income tax. Income tax expense is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income. Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of branches where it is expected that the earnings of the branch will not be distributed in the foreseeable future. The Company offsets current tax

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

*for the year ended 31st March 2024*

assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### Minimum Alternate Tax

Minimum Alternate Tax ("MAT") under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

## 3.19 EARNINGS PER SHARE

Basic earnings per share are computed by dividing the net profit for the year after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year after tax by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares except where the results are anti-dilutive.

## 3.20 RECENT PRONOUNCEMENTS

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31 March 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

## 3 PROPERTY, PLANT AND EQUIPMENT

| | Leasehold improvements | Plant and Equipment | Furniture & fixtures | Office equipments | Vehicle | Total |
|---|---|---|---|---|---|---|
| **Gross carrying amount as at 1 April 2023** | **4.68** | **61.54** | **6.73** | **3.78** | **0.66** | **77.39** |
| Additions | 0.97 | 21.90 | 3.09 | 5.82 | - | 31.78 |
| Disposal/retirement/derecognition | - | - | 0.04 | - | - | 0.04 |
| **Gross carrying amount as at 31 March 2024** | **5.65** | **83.44** | **9.78** | **9.60** | **0.66** | **109.13** |
| **Accumulated depreciation as at 1 April 2023** | **4.25** | **28.58** | **2.73** | **1.93** | **0.23** | **37.72** |
| Depreciation for the year | 0.51 | 14.06 | 1.37 | 0.54 | 0.14 | 16.62 |
| Disposal/retirement/derecognition | - | - | 0.00 | - | - | 0.00 |
| **Accumulated depreciation as at 31 March 2024** | **4.76** | **42.64** | **4.10** | **2.47** | **0.37** | **54.34** |
| **Carrying amount as at 31 March 2023** | **0.43** | **32.96** | **4.00** | **1.85** | **0.43** | **39.67** |
| **Carrying amount as at 31 March 2024** | **0.89** | **40.80** | **5.68** | **7.13** | **0.29** | **54.79** |
| **Gross carrying amount as at 1 April 2022** | **4.68** | **50.08** | **6.13** | **3.08** | **0.66** | **64.63** |
| Additions | - | 17.84 | 0.62 | 0.85 | - | 19.31 |
| Disposal/retirement/derecognition | - | 6.38 | 0.02 | 0.15 | - | 6.55 |
| **Gross carrying amount as at 31 March 2023** | **4.68** | **61.54** | **6.73** | **3.78** | **0.66** | **77.39** |
| **Accumulated depreciation as at 1 April 2022** | **2.68** | **20.21** | **1.34** | **1.61** | **0.08** | **25.92** |
| Depreciation for the year | 1.57 | 14.23 | 1.41 | 0.32 | 0.15 | 17.68 |
| Disposal/retirement/derecognition | - | 5.86 | 0.02 | - | - | 5.88 |
| **Accumulated depreciation as at 31 March 2023** | **4.25** | **28.58** | **2.73** | **1.93** | **0.23** | **37.72** |
| **Carrying amount as at 1 April 2022** | **2.00** | **29.87** | **4.79** | **1.47** | **0.58** | **38.71** |
| **Carrying amount as at 31 March 2023** | **0.43** | **32.96** | **4.00** | **1.85** | **0.43** | **39.67** |

### 3.1 CAPITAL WORK-IN-PROGRESS AGEING SCHEDULE

| Particulars | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| **As at 31 March 2024** | | | | | |
| Projects in progress | - | - | - | - | - |
| Project temporarily suspended | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | **-** |
| **As at 31 March 2023** | | | | | |
| Projects in progress | - | - | - | - | - |
| Project temporarily suspended | - | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** | **-** |

**Note:**

(i) As on the date of the balance sheet, there are no capital work-in-progress projects whose completion is overdue or has exceeded the cost, based on approved plan.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

## 4. RIGHT-OF-USE ASSETS

| | Building (Leasehold) | Total |
|---|---|---|
| **Gross carrying amount as at 1 April 2023** | **166.50** | **166.50** |
| Additions | 86.54 | 86.54 |
| Derecognition/adjustments | 82.45 | 82.45 |
| **Gross carrying amount as at 31 March 2024** | **170.59** | **170.59** |
| | | |
| **Accumulated depreciation as at 1 April 2023** | **79.10** | **79.10** |
| Depreciation for the year | 31.28 | 31.28 |
| Derecognition/adjustments | 82.45 | 82.45 |
| **Accumulated depreciation as at 31 March 2024** | **27.93** | **27.93** |
| | | |
| **Carrying amount as at 31 March 2023** | **87.40** | **87.40** |
| **Carrying amount as at 31 March 2024** | **142.66** | **142.66** |
| | | |
| **Gross carrying amount as at 1 April 2022** | **78.77** | **78.77** |
| Additions | 87.74 | 87.74 |
| Derecognition/adjustments | 0.01 | 0.01 |
| **Gross carrying amount as at 31 March 2023** | **166.50** | **166.50** |
| | | |
| **Accumulated depreciation as at 1 April 2022** | **52.65** | **52.65** |
| Depreciation for the year | 26.45 | 26.45 |
| Derecognition/adjustments | - | - |
| **Accumulated depreciation as at 31 March 2023** | **79.10** | **79.10** |
| | | |
| **Carrying amount as at 1 April 2022** | **26.12** | **26.12** |
| **Carrying amount as at 31 March 2023** | **87.40** | **87.40** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

## 5 OTHER INTANGIBLE ASSETS

| | Other than Internally Generated | | Total |
|---|---|---|---|
| | Technical know how | Software | |
| **Gross carrying amount as at 1 April 2023** | **2.50** | **7.83** | **10.33** |
| Additions | - | - | - |
| Disposal/retirement/derecognition | - | 2.63 | 2.63 |
| **Gross carrying amount as at 31 March 2024** | **2.50** | **5.20** | **7.70** |
| | | | |
| **Accumulated amortisation as at 1 April 2023** | **0.83** | **4.80** | **5.63** |
| Amortisation for the year | 0.83 | 1.22 | 2.05 |
| Disposal/retirement/derecognition | - | 2.63 | 2.63 |
| **Accumulated amortisation as at 31 March 2024** | **1.66** | **3.39** | **5.05** |
| | | | |
| **Carrying amount as at 31 March 2023** | **1.67** | **3.03** | **4.70** |
| **Carrying amount as at 31 March 2024** | **0.84** | **1.81** | **2.65** |
| | | | |
| **Gross carrying amount as at 1 April 2022** | **2.50** | **6.10** | **8.60** |
| Additions | - | 1.73 | 1.73 |
| Disposal/retirement/derecognition | - | - | - |
| **Gross carrying amount as at 31 March 2023** | **2.50** | **7.83** | **10.33** |
| **Accumulated amortisation as at 1 April 2022** | **-** | **3.53** | **3.53** |
| Amortisation for the year | 0.83 | 1.27 | 2.10 |
| Disposal/retirement/derecognition | - | - | - |
| **Accumulated amortisation as at 31 March 2023** | **0.83** | **4.80** | **5.63** |
| | | | |
| **Carrying amount as at 1 April 2022** | **2.50** | **2.57** | **5.07** |
| **Carrying amount as at 31 March 2023** | **1.67** | **3.03** | **4.70** |

### 5.1 INTANGIBLE ASSETS UNDER DEVELOPMENT AGEING SCHEDULE

| Particulars | Amount in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| **Projects in progress** | | | | | |
| As at 31 March 2024 | - | - | - | - | - |
| As at 31 March 2023 | - | - | - | - | - |

Note:

(i) As on the date of the balance sheet, there are no intangible assets under development whose completion is overdue or has exceeded the cost, based on approved plan.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

## 6 INVESTMENTS

### 6A INVESTMENTS IN EQUITY INSTRUMENTS OF SUBSIDIARIES MEASURED AT COST

| | 31 March 2024 | 31 March 2023 |
|---|---|---|
| PathPartner Technology Inc, USA | 2.88 | 2.88 |
| 5,000,000 (previous year 5,000,000) Equity shares of USD 0.01/- each fully paid up | | |
| PathPartner Technology GmbH, Germany | 6.10 | 6.10 |
| 75,000 (previous year 75,000) Equity shares of 1 Euro each fully paid up | | |
| Less : Impairment in value of investments (Refer note i below) | (6.10) | (6.10) |
| | **2.88** | **2.88** |

**Note:**

(i) Net worth of PathPartner Technology GmbH, a wholly owned subsidiary of the Company, is negative. The said subsidiary is incurring losses for last three years. Considering these factors, the Company has made a book provision towards impairment of its investment in PathPartner Technology GmbH during the previous year.

## 7 OTHER NON-CURRENT FINANCIAL ASSETS

*(Unsecured, considered good unless otherwise stated)*

| | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Fixed deposits with banks with more than 12 months maturity | 29.15 | 46.65 |
| Interest accrued on fixed deposits | 0.26 | 0.70 |
| Security deposits | 11.02 | 4.46 |
| | **40.43** | **51.81** |

**Note:**

(i) Information about the Company's exposure to credit risk is disclosed in note 28.

## 8 DEFERRED TAX ASSETS (NET)

| | 31 March 2024 | 31 March 2023 |
|---|---|---|
| **Deferred tax assets** | | |
| Property, plant and equipment and other intangible assets | 2.13 | 2.08 |
| Provision for employee benefits | 14.51 | 16.45 |
| Forward contracts designated as cash flow hedges | - | 1.05 |
| Other provisions | 2.04 | 2.34 |
| Others | 2.20 | 0.41 |
| | **20.88** | **22.33** |
| **Deferred tax liabilities** | | |
| Others | 2.26 | - |
| | **2.26** | **-** |
| **Net deferred tax asset** | **18.62** | **22.33** |

## 9 OTHER NON-CURRENT ASSETS

*(Unsecured, considered good unless otherwise stated)*

| | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Capital advances | 5.93 | - |
| | **5.93** | **-** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

## 10 CURRENT INVESTMENTS

*(Quoted)*

| | 31 March 2024 | 31 March 2023 |
|---|---|---|
| **Investments measured at fair value through profit or loss** | | |
| Mutual fund units (Refer note i below) | 384.65 | 37.71 |
| | **384.65** | **37.71** |

**Note:**

(i) Details of investment in mutual fund units

| Particulars | 31 March 2024 | | 31 March 2023 | |
|---|---|---|---|---|
| | Units | Amount | Units | Amount |
| HDFC Liquid fund - direct plan - IDCW - daily reinvest | - | - | 36,980.14 | 37.71 |
| HDFC Liquid fund - direct plan - growth option | 81,087.54 | 384.65 | - | - |
| **Total investment in mutual fund units** | | **384.65** | | **37.71** |

(ii) Information about the Company's exposure to market risk is disclosed in note 28.

## 11 TRADE RECEIVABLES

*(Unsecured)*

| | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Trade receivables - billed | | |
| Trade receivables considered good | 213.22 | 213.31 |
| Trade receivables which have significant increase in credit risk | - | - |
| Trade receivables - credit impaired | 2.00 | 2.57 |
| | **215.22** | **215.88** |
| Less: Allowances for bad and doubtful trade receivables | 2.00 | 2.57 |
| **Total trade receivables - billed** | **213.22** | **213.31** |
| **Trade receivables - unbilled** | **19.59** | **22.06** |
| | **232.81** | **235.37** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

**Trade receivables ageing schedule as at 31 March 2024**

| Particulars | 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 | 165.76 | 47.46 | - | - | - | - | 213.22 |
| Undisputed trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed trade receivables - credit impaired | - | 2.00 | - | - | - | - | 2.00 |
| Disputed trade receivables – considered good | - | - | - | - | - | - | - |
| Disputed trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivables - credit impaired | - | - | - | - | - | - | - |
| | **165.76** | **49.46** | **-** | **-** | **-** | **-** | **215.22** |

**Since denominated in millions*

| | |
|---|---|
| Less: Allowances for bad and doubtful trade receivables - billed | 2.00 |
| | 213.22 |
| Trade receivables - unbilled (Refer note ii below) | 19.59 |
| | **232.81** |

**Trade receivables ageing schedule as at 31 March 2023**

| Particulars | 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 | 139.44 | 73.87 | - | - | - | - | 213.31 |
| Undisputed trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed trade receivables - credit impaired | - | - | - | 2.53 | 0.00* | 0.04 | 2.57 |
| Disputed trade receivables – considered good | - | - | - | - | - | - | - |
| Disputed trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivables - credit impaired | - | - | - | - | - | - | - |
| | 139.44 | 73.87 | - | 2.53 | - | 0.04 | 215.88 |

**Since denominated in millions*

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

| | |
|---|---|
| Less: Allowances for bad and doubtful trade receivables - billed | 2.57 |
| | 213.31 |
| Trade receivables - unbilled (Refer note ii below) | 22.06 |
| | **235.37** |

Note:

(i) Trade receivables from related parties are disclosed in note 38.

(ii) Unbilled revenue is not outstanding for more than 90 days.

(iii) Information about the Company's exposure to credit risk and market risk is disclosed in note 28.

## 12 CASH AND CASH EQUIVALENTS

| | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Cash on hand | 0.07 | 0.10 |
| **Balances with banks** | | |
| In current accounts | 36.02 | 6.06 |
| In deposit accounts with original maturity of 3 months or less | - | - |
| | **36.09** | **6.16** |

Note:

(i) Information about the Company's exposure to credit risk, liquidity risk and market risk is disclosed in note 28.

## 13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

| | 31 March 2024 | 31 March 2023 |
|---|---|---|
| **Balances with banks** | | |
| In unclaimed dividend accounts (Refer note 20) | 0.05 | 0.25 |
| In deposit accounts with remaining maturity of less than 12 months (Refer note i below) | 50.65 | 54.71 |
| | **50.70** | **54.96** |

**Note:**

(i) Information about the Company's exposure to credit risk and liquidity risk is disclosed in note 28.

## 14 LOANS

| | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Loans Receivable - credit impaired | - | - |
| Less : Allowance for impairment loss | - | - |
| | **-** | **-** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

**Loan to related party - PathPartner Technology GmbH of EUR 50,000 at an interest of 7% p.a.**

| Particulars | Balance at the beginning of the year | Interest Accrued | Exchange gain/loss on restatement | Provision for impairment | Repayment | Balance at the end of the year |
|---|---|---|---|---|---|---|
| As at 31 March 2024 (In Indian Rupees) | - | - | - | - | - | - |
| As at 31 March 2023 (In Indian Rupees) | - | 0.15 | 0.29 | (4.59) | 4.45 | - |

## 15 OTHER CURRENT FINANCIAL ASSETS

*(Unsecured, considered good unless otherwise stated)*

| | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Interest accrued on fixed deposits | 3.94 | 1.83 |
| Security deposits | 0.89 | 5.11 |
| Receivable from related parties (Refer note 38) | 3.68 | 114.75 |
| Other receivables | 1.28 | 1.28 |
| | **9.79** | **122.97** |

Note:

(i) Information about the Company's exposure credit risk and market risk is disclosed in note 28.

## 16 OTHER CURRENT ASSETS

*(Unsecured, considered good unless otherwise stated)*

| | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Advance to suppliers | 0.59 | 19.43 |
| **Employee advances** | | |
| Considered good | 10.33 | 2.22 |
| Considered doubtful | 0.75 | 0.50 |
| | 11.08 | 2.72 |
| Less: Provision for doubtful advances | 0.75 | 0.50 |
| | 10.33 | 2.22 |
| Balances with statutory authorities | 18.99 | 10.99 |
| Contract assets (Refer note 29) | 0.23 | 6.66 |
| Prepaid expenses | 16.56 | 1.26 |
| | **46.70** | **40.56** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

## 17 EQUITY SHARE CAPITAL

| | 31 March 2024 | 31 March 2023 |
|---|---|---|
| **Authorised:** | | |
| 1,500,000 (Previous year 1,500,000) Equity Shares of ₹ 10 each | 15.00 | 15.00 |
| | **15.00** | **15.00** |
| **Issued subscribed and fully paid up:** | | |
| 1,112,666 (Previous year 1,097,938) Equity Shares of ₹ 10 each fully paid up | 11.13 | 10.98 |
| | **11.13** | **10.98** |

17.1 The Company has only one class of shares referred to as equity shares having a par value of ₹ 10. Each shareholder of equity shares is entitled to one vote per share.

17.2 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive a share in the 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.

17.3 Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

| Particulars | As at 31 March 2024 | | As at 31 March 2023 | |
|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount |
| Equity shares outstanding at the beginning of the year | 1,097,938 | 10.98 | 1,079,298 | 10.79 |
| Add: Shares issued on exercise of employee stock options | 14,728 | 0.15 | 18,640 | 0.19 |
| **Equity shares outstanding at the end of the year** | **1,112,666** | **11.13** | **1,097,938** | **10.98** |

17.4 Number of equity shares held by each shareholder holding more than 5% shares in the Company are as follows:

| Name of the shareholder | Number of shares as at 31 March 2024 | % of shares held | Number of shares as at 31 March 2023 | % of shares held |
|---|---|---|---|---|
| KPIT Technologies Limited (Refer below notes) | 893,710 | 80.32% | 893,483 | 81.38% |
| **Total** | **893,710** | **80.32%** | **893,483** | **81.38%** |

**Note :**

i) The % calculated above for the current year is based on actual shares issued till 31 March 2024.

ii) The % calculated above for the previous year is based on actual shares issued till 31 March 2023. Outstanding options were excluded from such calculation. The shareholding percentage disclosed in note 38 is after considering the outstanding options.

iii) The above disclosures are as per the records of the company including registers of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above holding represents both legal and beneficial ownership of shares.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

### 17.5 Shareholding of promoters

| Name of the promoter | As at 31 March 2024 | | As at 31 March 2023 | | Percentage change during the year ended on 31 March 2024 |
|---|---|---|---|---|---|
| | Number of shares as at 31 March 2024 | % of shares held | Number of shares as at 31 March 2023 | % of shares held | |
| Tushar Kanti Adhikary | 37,680 | 3.39% | 37,680 | 3.43% | -0.04% |
| Ramkishor Korada | 37,680 | 3.39% | 37,680 | 3.43% | -0.04% |
| Dipanjan Ghosh | 37,680 | 3.39% | 37,680 | 3.43% | -0.04% |
| Girish Chandra Sabat | 34,290 | 3.08% | 34,290 | 3.43% | -0.35% |
| Mangalore Krishnamurthy Vinay | 20,599 | 1.85% | 20,599 | 1.88% | -0.03% |
| Satya Varaprasad Rongali | 17,141 | 1.54% | 17,141 | 1.56% | -0.02% |
| Keshav Karunakar | 10,170 | 0.91% | 8,770 | 0.80% | 0.11% |

*Note: Change in percentage of shares held as at 31 March 2024 is due to exercise of options and allotment of shares.*

**17.6** Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date - Nil (Previous year Nil).

**17.7** i) For details of shares reserved for issue under options refer note 31.

ii) Shares held by holding/ultimate holding company and/or their subsidiaries/associates

| | As at 31 March 2024 | | As at 31 March 2023 | |
|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount |
| Equity shares of ₹10 each held by KPIT Technologies Limited | 893,710 | 8.94 | 893,483 | 8.93 |

### 17.8 Dividend

The Company declares and pay dividends in Indian Rupees. The Company has not declared and paid dividends during the year and immediately preceding financial year.

### 17.9 Capital Management

The Company's objective is to safeguard its ability to continue as a going concern and to maintain investor, creditor and market confidence and to maximize shareholder value. In order to fulfil its objective, the management of the Company monitors the return on capital as well as the level of dividends to ordinary shareholders.

## 18 NON-CURRENT PROVISIONS

| | 31 March 2024 | 31 March 2023 |
|---|---|---|
| **Provision for employee benefits** | | |
| Compensated absences | 11.30 | 12.27 |
| Gratuity (Refer note 30) | 39.14 | 45.83 |
| | **50.44** | **58.10** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

## 19 TRADE PAYABLES

**Trade payables ageing schedule as at 31 March 2024**

| Particulars | Not due | Outstanding for following periods from the transaction date | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| MSME | - | 1.12 | - | - | - | 1.12 |
| Others | - | 7.12 | - | - | - | 7.12 |
| Disputed dues - MSME | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - |
| | **-** | **8.24** | **-** | **-** | **-** | **8.24** |
| Accrued expenses | | | | | | 12.79 |
| | | | | | | **21.03** |

**Trade payables ageing schedule as at 31 March 2023**

| Particulars | Not due | Outstanding for following periods from the transaction date | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| MSME | - | 0.40 | - | - | - | 0.40 |
| Others | 0.01 | 1.00 | - | - | - | 1.01 |
| Disputed dues - MSME | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - |
| | **0.01** | **1.40** | **-** | **-** | **-** | **1.41** |
| Accrued expenses | | | | | | 15.16 |
| | | | | | | **16.57** |

Note:

(i) Information on MSME is disclosed in note 37.

(ii) Information about the Company's exposure to liquidity risk is disclosed in note 28.

## 20 OTHER CURRENT FINANCIAL LIABILITIES

| | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Accrued employee costs | 18.41 | 17.00 |
| Unclaimed dividends (Refer note (i) below) | 0.05 | 0.25 |
| Capital creditors | 1.45 | - |
| Forward contracts designated as cash flow hedges (Refer note 28.2) | - | 4.19 |
| Payable to related parties (Refer note 38) | 7.72 | - |
| | **27.63** | **21.44** |

Note:

(i) The previous year represents dividend declared in an earlier year and remaining unpaid as at the balance sheet date in respect of one of the shareholder. During the current year, this amount has been paid to the shareholder. The balance amount represents the tax on the unpaid dividend which is paid from another bank account. (Also refer note 13)

(ii) Information about the Company's exposure to market risk and liquidity risk is disclosed in note 28.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

## 21 OTHER CURRENT LIABILITIES

| | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Contract liabilities (Refer note 29) | 43.04 | 22.80 |
| Statutory liabilities | 18.11 | 15.30 |
| | **61.15** | **38.10** |

## 22 CURRENT PROVISIONS

| | 31 March 2024 | 31 March 2023 |
|---|---|---|
| **Provision for employee benefits** | | |
| Compensated absences | 3.09 | 3.25 |
| Gratuity (Refer note 30) | 4.00 | 4.00 |
| | **7.09** | **7.25** |

## 23 REVENUE FROM OPERATIONS

| | For the year ended 31 March, 2024 | For the year ended 31 March, 2023 |
|---|---|---|
| Software services | 1,167.96 | 1,032.81 |
| | **1,167.96** | **1,032.81** |

Note:

(i) Refer note 29 for more disclosures on revenue from contracts with customers.

## 24 OTHER INCOME

| | For the year ended 31 March, 2024 | For the year ended 31 March, 2023 |
|---|---|---|
| Interest income on financial assets carried at amortized cost (Refer note i below) | 6.75 | 5.40 |
| Dividend Income on Investments carried at fair value through profit and loss (Refer note ii below) | 1.20 | 1.88 |
| Net gain on disposal of property, plant and equipment | - | 0.03 |
| Net unrealised gain on investments carried at fair value through profit or loss (Refer note iii below) | 8.97 | - |
| Other non operating income (net of expenses directly attributable to such income) (including miscellaneous income) (Refer note iv and v below) | 3.32 | 81.25 |
| | **20.24** | **88.56** |

**Note:**

(i) Interest income from related parties are disclosed in note 38.

(ii) This represents the dividend income of:

a. ₹ 1.20 million (Previous year ₹ 1.88 million) from investment in mutual fund units.

(iii) This represents the gain on fair valuation on investment in mutual funds units.

(iv) This includes gain on sale of investment ₹ 0.70 million for the year ended 31 March 2024.

(v) This includes reimbursement towards settlement of litigation claim for the year ended 31 March 2023.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

## 25 EMPLOYEE BENEFITS EXPENSE

| | For the year ended 31 March, 2024 | For the year ended 31 March, 2023 |
|---|---|---|
| Salaries, wages and incentives | 722.25 | 707.12 |
| Contributions to provident fund | 27.77 | 27.69 |
| Share based compensation to employees (Refer note 31) | 0.17 | 4.53 |
| Staff welfare expenses | 2.90 | 4.82 |
| | **753.09** | **744.16** |

## 26 FINANCE COSTS

| | For the year ended 31 March, 2024 | For the year ended 31 March, 2023 |
|---|---|---|
| Finance cost on lease liabilities (Refer note 35) | 14.40 | 2.88 |
| | **14.40** | **2.88** |

## 27 OTHER EXPENSES

| | For the year ended 31 March, 2024 | For the year ended 31 March, 2023 |
|---|---|---|
| Travel expenses (net) | 7.27 | 4.90 |
| Cost of service delivery (net) | 24.57 | 28.66 |
| Cost of professional sub-contracting (net) | 3.56 | 11.84 |
| Recruitment and training expenses | 0.14 | 2.37 |
| Power and fuel | 5.78 | 4.80 |
| Rent (Refer note 35) | 1.39 | 4.18 |
| Repairs and maintenance | 5.13 | 4.39 |
| Insurance | 11.75 | 20.15 |
| Rates & taxes | 6.26 | 2.13 |
| Communication expenses (net) | 3.56 | 3.51 |
| Legal and professional fees (net of insurance claim towards litigation expense) | 2.45 | 23.27 |
| Net foreign exchange loss | 1.94 | 0.49 |
| Property, plant and equipments and other intangible assets written off | - | 0.41 |
| Auditor's remuneration (net of taxes) | | |
| Audit fees | 1.80 | 1.80 |
| Fees for other services | 0.10 | 0.04 |
| Out of pocket expenses reimbursed | 0.08 | 0.04 |
| Bad debts written off | 4.89 | - |
| Allowances for doubtful trade receivables and advances (net) | (0.58) | 0.06 |
| Contributions towards corporate social responsibility (Refer note 42) | 2.47 | 1.26 |
| Miscellaneous expenses (net) | 11.06 | 14.72 |
| | **93.62** | **129.02** |

**Note**

(i) Certain expenses are net of recoveries/reimbursements from customers.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

## 28 FINANCIAL INSTRUMENTS

### 28.1 Financial Instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2024 are as follows:

| Particulars | Amortised cost | Fair value through profit or loss (FVTPL) | Fair value through OCI | Total carrying value | Total fair value |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Investment (other than in subsidiary) | - | 384.65 | - | 384.65 | 384.65 |
| Trade receivables - billed | 213.22 | - | - | 213.22 | 213.22 |
| Trade receivables - unbilled | 19.59 | - | - | 19.59 | 19.59 |
| Cash and cash equivalents | 36.09 | - | - | 36.09 | 36.09 |
| Other balances with banks | 50.70 | - | - | 50.70 | 50.70 |
| Other financial assets | 50.22 | - | - | 50.22 | 50.22 |
| **Total financial assets** | **369.82** | **384.65** | **-** | **754.47** | **754.47** |
| **Financial liabilities** | | | | | |
| Trade payables | 21.03 | - | - | 21.03 | 21.03 |
| Lease liabilities | 145.05 | - | - | 145.05 | 145.05 |
| Other financial liabilities | 27.63 | - | - | 27.63 | 27.63 |
| **Total financial liabilities** | **193.71** | **-** | **-** | **193.71** | **193.71** |

The carrying value and fair value of financial instruments by categories as at 31 March 2023 were as follows:

| Particulars | Amortised cost | Fair value through profit or loss (FVTPL) | Fair value through OCI | Total carrying value | Total fair value |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Investment (other than in subsidiary) | - | 37.71 | - | 37.71 | 37.71 |
| Trade receivables - billed | 213.31 | - | - | 213.31 | 213.31 |
| Trade receivables - unbilled | 22.06 | - | - | 22.06 | 22.06 |
| Cash and cash equivalents | 6.16 | - | - | 6.16 | 6.16 |
| Other balances with banks | 54.96 | - | - | 54.96 | 54.96 |
| Other financial assets | 174.78 | - | - | 174.78 | 174.78 |
| **Total financial assets** | **471.27** | **37.71** | **-** | **508.98** | **508.98** |
| **Financial liabilities** | | | | | |
| Trade payables | 16.57 | - | - | 16.57 | 16.57 |
| Lease liabilities | 85.82 | - | - | 85.82 | 85.82 |
| Other financial liabilities | 17.25 | - | 4.19 | 21.44 | 21.44 |
| **Total financial liabilities** | **119.64** | **-** | **-** | **123.83** | **123.83** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

### 28.2 Fair value hierarchy

Financial assets and liabilities include cash and cash equivalents, other balances with banks, trade receivables (billed and unbilled), loans, other financial assets, trade payables and other financial liabilities, whose fair values approximate their carrying amounts largely due to the short term nature of such assets and liabilities. Fair value of lease liabilities approximate its carrying amount, as lease liabilities are valued using discounted cash flow method. Except for quoted investments, which are Level 1, rest of the financial assets and financial liabilities are classified as Level 2 or Level 3.

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 hierarchy of financial assets and liabilities as at 31 March 2024:

| Particulars | As at 31 March 2024 | Fair value measurement | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | |
| Forward contracts designated as cash flow hedge | - | - | - | - |
| Investments in mutual fund units | 384.65 | 384.65 | - | - |

The following table presents fair value hierarchy of assets and liabilities as at 31 March 2023:

| Particulars | As at 31 March 2023 | Fair value measurement | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | |
| Investments in mutual fund units | 37.71 | 37.71 | - | - |
| **Financial liabilities** | | | | |
| Forward contracts designated as cash flow hedge | 4.19 | - | 4.19 | - |

### 28.3 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors are responsible for developing and monitoring the Company's risk management policies. The Company has exposure to the following risks arising from financial instruments:

**a. Credit risk**

Credit risk is the risk of financial losses to the Company if a customer or counterparty to financial instruments fails to discharge its contractual obligations and arises primarily from the Company's billed trade receivables from customers amounting to ₹ 213.22 million and ₹ 213.31 million and unbilled trade receivables amounting to ₹ 19.59 million and ₹ 22.06 million and other current financial assets pertaining to receivable from related and other than related parties amounting to ₹ 4.96 million and ₹ 116.03 million as on 31 March 2024 and 31 March 2023 respectively. To manage this, the Company periodically assesses the key accounts receivable balances. As per Ind-AS 109 : Financial Instruments, the Company uses expected credit loss model to assess the impairment loss or gain.

**i. Trade receivables**

The management has established accounts receivable policy under which customer accounts are regularly monitored. The Company has a dedicated sales team at each geography which is responsible for collecting dues from the customer within stipulated period. The management reviews status of critical accounts on a regular basis.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

**ii. Impairment**

Movement in the allowance for impairment in respect of trade and other receivables:

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Balance at the beginning of the year | 2.57 | 2.51 |
| Impairment during the year | 28.80 | 0.06 |
| Reversal of impairment on account of collection | (25.09) | - |
| Utilisation of allowance | (4.28) | - |
| **Balance at the end of the year** | **2.00** | **2.57** |

Refer note 11 for ageing of trade receivables

**iii. Balances with banks**

The Company held balances with banks and fixed deposits including interest accrued of ₹ 120.07 million and ₹ 110.20 million as at 31 March 2024 and 31 March 2023 respectively. The cash and bank balances are held with banks which have high credit ratings assigned by international credit rating agencies.

**b. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has a view of maintaining liquidity and to take minimum possible risk while making investments. In order to maintain liquidity, the Company invests its excess funds in short term liquid assets like liquid mutual funds. The Company monitors its cash and bank balances periodically in view of its short term obligations associated with its financial liabilities.

The liquidity position at each reporting date is given below:

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Cash and cash equivalents | 36.09 | 6.16 |
| Other balances with banks (excluding unclaimed dividend) | 50.65 | 54.71 |
| Fixed deposits with banks (non-current portion) including interest accrued | 33.35 | 49.18 |
| Investment in mutual fund units | 384.65 | 37.71 |
| **Total** | **504.74** | **147.76** |

The following are the remaining contractual maturities of financial liabilities as at 31 March 2024:

| Particulars | Carrying value | Gross cash outflow | Upto 1 year | 2-3 years | 4-5 years | > 5 years |
|---|---|---|---|---|---|---|
| Trade payables | 21.03 | 21.03 | 21.03 | - | - | - |
| Other financial liabilities | 27.63 | 27.63 | 27.63 | - | - | - |

The following are the remaining contractual maturities of financial liabilities as at 31 March 2023:

| Particulars | Carrying value | Gross cash outflow | Upto 1 year | 2-3 years | 4-5 years | > 5 years |
|---|---|---|---|---|---|---|
| Trade payables | 16.57 | 16.57 | 16.57 | - | - | - |
| Other financial liabilities | 21.44 | 21.44 | 21.44 | - | - | - |

Refer note 35 for the contractual maturities of lease liabilities.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

**c. Market risk**

Market risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**i. 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 currency rates. Exposures can arise on account of the various assets and liabilities which are denominated in currencies other than Indian Rupee. Significant portion of the Company's revenues are in foreign currencies, while a significant portion of the costs are in Indian rupee i.e. functional currency of the Company. The foreign currencies to which the Company is majorly exposed to are US Dollars, Euros and Japanese Yen.

The Company evaluates net exchange rate exposure based on current revenue projections and expected volatility in the market and covers its exposure up to 90% on net basis. For this purpose the Company uses foreign currency derivative instruments such as forward covers to mitigate the risk. The counterparty to these derivative instruments is a bank. The Company has forward contracts designated as cash flow hedge to mitigate the foreign exchange exposure of highly probable forecasted cash flows.

**Exposure to Currency Risk**

The below figures are INR equivalent amounts of foreign currency.

The following is the Company's exposure to currency risk from financial instruments as at 31 March 2024:

| Particulars | US Dollars | Euros | Japanese Yen | Other currencies | Total |
|---|---|---|---|---|---|
| Trade receivables (including unbilled) | 74.81 | 95.54 | 18.25 | 6.86 | 195.46 |
| Other current financial assets | - | 3.21 | - | - | 3.21 |
| Trade payables | (0.47) | - | - | - | (0.47) |
| **Net assets/(liabilities)** | 74.34 | 98.75 | 18.25 | 6.86 | 198.20 |

The following is the Company's exposure to currency risk from financial instruments as at 31 March 2023:

| Particulars | US Dollars | Euros | Other currencies | Total |
|---|---|---|---|---|
| Trade receivables (including unbilled) | 116.76 | 39.83 | 0.73 | 157.32 |
| Other current financial assets | 112.01 | 3.19 | - | 115.20 |
| Trade payables | (0.00)* | - | - | (0.00)* |
| Net assets/(liabilities) | 228.77 | 43.02 | 0.73 | 272.52 |

**Since denominated in millions*

For the period ended 31 March 2024, every 1% appreciation/depreciation of the exchange rate between respective foreign currencies and the Indian rupee would impact the operating margins by approximately 0.60/-0.60%.

For the period ended 31 March 2023, every 1% appreciation/depreciation of the exchange rate between respective foreign currencies and the Indian rupee would impact the operating margins by approximately 1.71/-1.71%.

**ii. Derivative assets and liabilities designated as cash flow hedges**

In accordance with its risk management policy and business plan the Company has hedged its cash flows. The Company enters into derivative contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than in Indian rupees. The counter party to the Company's foreign currency contracts is a bank. These contracts are entered into to hedge the foreign currency risks of firm commitments

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

(sales orders) and highly probable forecast transactions. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

The following are the outstanding USD : INR Currency Exchange Contracts entered into by the Company which has been designated as Cash Flow Hedges:

| Particulars | 31 March 2024 | | 31 March 2023 | |
|---|---|---|---|---|
| | **Foreign Currency (million)** | **₹ (million)** | **Foreign Currency (million)** | **₹ (million)** |
| USD | - | - | 1.60 | 127.93 |

The movement in the hedging reserve for derivatives, which have been designated as Cash Flow Hedges, is as follows:

| **Particulars** | **31 March 2024** | **31 March 2023** |
|---|---|---|
| Balance at the beginning of the year | (3.14) | 0.78 |
| Gains on changes in fair value of foreign exchange contracts recognised in other comprehensive income | 10.47 | (6.28) |
| Deferred tax on fair value of effective portion of cash flow hedges | (1.05) | 1.32 |
| Amounts reclassified to the statement of profit and loss | (6.28) | 1.04 |
| **Balance at the end of the year** | **-** | **(3.14)** |

**iii. 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 deposits are fixed interest rate bearing instruments. Therefore, the Company is not significantly exposed to interest rate risk.

## 29 REVENUE FROM OPERATIONS

**Disaggregate revenue information**

The Company disaggregates revenue from contract with customers by geography and contract type.

The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

**A Revenue disaggregation by geography is as follows:**

| **Geographical segments** | **31 March 2024** | **31 March 2023** |
|---|---|---|
| India | 218.47 | 291.56 |
| Rest of World | 949.49 | 741.25 |
| **Total** | **1,167.96** | **1,032.81** |

**B Revenue disaggregation by contract type is as follows:**

| **Contract type** | **31 March 2024** | **31 March 2023** |
|---|---|---|
| Time & Material (T&M) and Cap T&M projects | 648.73 | 702.28 |
| Fixed price projects | 492.35 | 319.59 |
| License projects | 26.88 | 10.94 |
| **Total** | **1,167.96** | **1,032.81** |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

**Movement in contract assets (unbilled revenue)**

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Balance at the beginning of the year | 6.66 | 39.77 |
| Exchange difference | 0.01 | - |
| Revenue recognised during the year | 0.22 | 6.66 |
| Invoicing during the year | (6.55) | (32.63) |
| Reversals during the year | (0.11) | (7.14) |
| **Balance at the end of the year** | **0.23** | **6.66** |

**Movement in contract liabilities (unearned revenue)**

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Balance at the beginning of the year | 22.80 | 26.63 |
| Invoiced during the period but not recognised as revenue | 42.55 | 22.35 |
| Exchange difference | (0.06) | - |
| Revenue recognised during the year | (22.25) | (26.18) |
| **Balance at the end of the year** | **43.04** | **22.80** |

**Reconciliation of revenue recognised with the contracted price**

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Contracted price | 1,168.62 | 1,032.81 |
| Reductions towards variable consideration components | (0.66) | - |
| **Revenue recognised** | **1,167.96** | **1,032.81** |

The reduction towards variable consideration comprises of volume discounts, service level credits, etc.

**Performance obligations and remaining performance obligations**

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the company expects to recognize these amounts in revenue.

Applying the practical expedient as given in Ind AS 115, the company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligations estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as of 31 March 2024, other than those meeting the exclusion criteria mentioned above, is ₹ 219 million. Out of this, the Company expects to recognize revenue of around 77% within the next one year. This includes contracts that can be terminated for convenience without a substantive penalty, since based on current assessment, the occurrence of the same is expected to be remote.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

## 30 DEFINED BENEFIT PLAN

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Gratuity is a benefit to an employee in India based on 15 days last drawn salary for each completed year of service with a vesting period of five years.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk and interest rate risk.

The Company's gratuity scheme is a defined benefit plan (funded).

Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

| Particulars | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|---|---|
| Present value of defined benefit obligation at the beginning of the year | 54.50 | 45.33 |
| Current service cost | 8.08 | 8.11 |
| Interest cost | 3.98 | 3.41 |
| Actuarial loss/(gain) recognised in other comprehensive income | | |
| a) changes in demographic assumptions | 1.72 | 0.68 |
| b) changes in financial assumptions | (9.03) | (0.52) |
| c) experience adjustments | (8.15) | 1.43 |
| Benefits paid | (3.36) | (3.94) |
| Present value of defined benefit obligation at the end of the year | 47.74 | 54.50 |

Changes in the fair value of the plan assets representing reconciliation of opening and closing balances thereof are as follows :

| Particulars | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|---|---|
| Fair value of plan assets at the beginning of the year | 4.67 | 2.75 |
| Interest income | 0.34 | 0.21 |
| Employer contribution | 3.00 | 5.79 |
| Benefits paid | (3.36) | (3.94) |
| Return on plan assets, excluding interest income | (0.05) | (0.14) |
| Fair value of plan assets at the end of the year | 4.60 | 4.67 |

| Amount recognised in the Balance Sheet | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|---|---|
| Present value of obligation as at the end of the year | 47.74 | 54.50 |
| Fair value of plan assets at the end of the year | 4.60 | 4.67 |
| Funded status ((surplus)/deficit) | 43.14 | 49.83 |
| Net defined benefit obligation | 43.14 | 49.83 |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

| Expenses recognized in the Statement of Profit and Loss | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|---|---|
| Current service cost | 8.08 | 8.11 |
| Interest cost net of interest income on plan assets | 3.64 | 3.20 |
| Expenses recognized in the Statement of Profit and Loss | 11.72 | 11.31 |

| Expenses recognized in the Other Comprehensive Income (OCI) | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|---|---|
| Actuarial loss/(gain) | (15.46) | 1.59 |
| Return on plan assets, excluding interest income | (0.05) | (0.14) |
| Net (income)/expense recognized in the OCI | (15.41) | 1.73 |

| Category of assets | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|---|---|
| Insurance fund | 4.60 | 4.67 |

| Actuarial Assumptions: | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|---|---|
| Expected return on plan assets | 7.17% | 7.31% |
| Discount rate | 7.17% | 7.31% |
| Salary Escalation | 12.00% | 12.00% |
| Attrition Rate | 17.00% | 20.00% |

a. The discount rate is based on prevailing yields of Indian Government Securities as at the Balance Sheet date for the estimated term of the obligation.

b. Salary Escalation Rate: The estimates of future salary increases takes into account the inflation, seniority, promotion and other relevant factors.

c. Assumptions regarding future mortality rates are the rates as given under Indian Assured Lives Mortality 2012-14 (Urban).

**Sensitivity Analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

| Projected benefit obligation on current assumptions | 31 March 2024 Defined benefit obligation | | 31 March 2023 Defined benefit obligation | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1 % movement) | (1.96) | 2.16 | (2.22) | 2.44 |
| Future salary growth (1 % movement) | 1.76 | (1.66) | 1.72 | (1.67) |
| Attrition rate (1 % movement) | (0.08) | 0.07 | (0.48) | 0.51 |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

**Maturity profile of defined benefit plan:**

| Projected benefits payable in future years from the date of reporting | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Within 1 year | 8.51 | 8.59 |
| 1-2 year | 6.34 | 8.15 |
| 2-3 year | 6.31 | 7.28 |
| 3-4 year | 6.10 | 7.01 |
| 4-5 year | 5.45 | 6.52 |
| 5-10 years | 19.58 | 22.38 |
| Thereafter | 17.75 | 20.20 |

**Weighted average assumptions used to determine net periodic benefit cost:**

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Number of active members | 371 | 504 |
| Per month salary cost for all active members (₹ million) | 16.82 | 19.63 |
| Weighted average duration of the projected benefit obligation (years) | 6.00 | 6.00 |
| Average expected future service (years) | 5.00 | 4.00 |
| Projected benefit obligation (₹ million) | 47.74 | 54.50 |
| Prescribed contribution for next year (12 months) (₹ million) | 4.00 | 4.00 |

## 31 SHARE BASED PAYMENTS

The Company has share option scheme for employees of the Company under ESOP 2015. Vide Board resolution dated 14 July 2021, there will not be any further allotment under ESOP 2015.

### 31.1 EMPLOYEE STOCK OPTION PLAN - 2015 (ESOP-2015):

The Board of Directors of the Company has adopted Employee Stock Option Plan - 2015 (“ESOP 2015”) June 02, 2015, in accordance with the approval of members of the Company at the Extra Ordinary General Meeting held on October 07, 2015. Under the Scheme, the Company is authorised to issue up to 56,300 equity settled options of INR 10 each to the employees. If an Employee Stock Option expires, or becomes un-exercisable due to any reason, it shall be brought back to the Stock Options pool. The Options shall vest over a period of four (4) years. The Vesting Schedule provided for under each Agreement shall be in such a manner that 25% of the Options will vest after the completion of twelve months from the Grant Date; and thereafter, 1/12$^{th}$ of the remaining will vest every quarter for the next three (3) years. Upon vesting as per the Plan, they would be exercisable by the Option Grantee at any time within a period of seven (7) years from the grant date.

In the event of the termination of an employee from the employment with the Company, all the Vested Options as on date of termination of employment can be exercised within 90 days from the last working day and all Unvested Options as on date of termination of employment shall stand cancelled with effect from that date.

The options allotted on or after 01 April 2021 under ESOP 2015 scheme shall vest 50% in the first year and balance shall vest in second year. Upon vesting as per the Plan, they would be exercisable by the Option Grantee at any time within a period 60 days from the date of vesting. This has been approved by the Board at their meeting held on 01 April 2021.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

**Below are the details pertaining to the options held by employees of the Company:**

Number and weighted average exercise prices of options granted, exercised and cancelled/lapsed during the financial year:

| Particulars | FY 2023-24 | | FY 2022-23 | |
|---|---|---|---|---|
| | No. of options | Weighted average exercise price | No. of options | Weighted average exercise price |
| Options outstanding at the beginning of the year | 14,728 | 30 | 35,917 | 30 |
| Shares granted during the year | - | - | - | 30 |
| Exercised during the year | 14,728 | 30 | 18,640 | 30 |
| Cancelled/Lapsed during the year | - | - | 2,549 | 30 |
| Shares outstanding at the end of the year | - | - | 14,728 | 30 |
| Options vested and yet to be exercised | - | - | 10,828 | 30 |
| Options yet to be vested | - | - | 3,900 | 30 |

In the financial year 2021-22, the fair value of each option was estimated on the date of grant using Black and Scholes option pricing model. The expected price volatility was based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information. The fair value of each option was estimated on the date of grant using Black and Scholes option pricing model with the following assumptions:

| Particulars | Fair Valuation of options in FY 2021-22 |
|---|---|
| Price of the underlying share in market at the time of the option grant (₹) | 1,325.00 |
| Exercise price (in ₹) | 30.00 |
| Option Fair Value derived (per option in ₹) | 1,296.11 |
| Risk free interest rate (%) | 3.78% |
| Expected volatility (%) | 20.45% |
| Dividend yield (%) | 0.00% |

The Company recorded an employee compensation cost of ₹ 0.17 million (Previous year ₹ 4.53 million) in the Statement of Profit and Loss.

## 32 DETAILS OF EXCEPTIONAL ITEMS

In the financial year 2021-22, the Company was party to claims and litigations arising from a customer in ordinary course of business operations. Due to the inherent limitations/uncertainties of limitation it was not possible to predict the final outcome of the ongoing claim. However, as a matter of abundant caution, the Company in consultation with its solicitor had estimated and provided for the potential claim on the basis of facts in hands, which was considered appropriate by the management. The said amount had been reinstated as at 31 March 2022 and was reported as an exceptional item in the financial year 2021-22.

During the previous year, the Company and the customer came up with settlement understanding through mediation. The settlement amount of USD 1.35 million was settled against the claim and subsequently the case was dismissed.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

## 33 INCOME TAXES

The income tax expense consists of following:

| Particulars | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|---|---|
| **Tax expense** | | |
| Current tax | 75.07 | 32.62 |
| Deferred tax (benefit)/charge | (1.21) | 21.86 |
| **Total tax expense** | **73.86** | **54.48** |

The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in Statement of Profit or Loss is as follows:

| Particulars | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|---|---|
| Profit before tax | 277.14 | 199.08 |
| Indian statutory income tax rate | 25.17% | 25.17% |
| | | |
| **Tax Effect of adjustments to reconcile expected income tax expense to reported income tax expense** | **69.75** | **50.10** |
| Changes in estimate related to prior years | 0.21 | 2.73 |
| Effect of permanent adjustments | 0.89 | 0.34 |
| Others (net) | 3.01 | 1.30 |
| **Total tax expense** | **73.86** | **54.48** |

**Deferred Tax**

The gross movement in deferred tax account for the year ended 31 March 2024 is as follows:

| Particulars | Balance as on 1 April 2023 | Recognised in Profit and Loss relating to temporary differences | Recognised in other comprehensive income | Balance as on 31 March 2024 |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Property, plant and equipment and other intangible assets | 2.08 | 0.05 | - | 2.13 |
| Provision for employee benefits | 16.45 | 1.92 | (3.86) | 14.51 |
| Forward contracts designated as cash flow hedges | 1.05 | - | (1.05) | - |
| Other provisions | 2.34 | (0.30) | - | 2.04 |
| Others | 0.41 | 1.79 | - | 2.20 |
| **Total deferred tax assets** | **22.33** | **3.46** | **(4.91)** | **20.88** |
| **Deferred tax liabilities** | | | | |
| Others | - | 2.26 | - | 2.26 |
| **Total deferred tax liabilities** | **-** | **2.26** | **-** | **2.26** |
| **Net deferred tax asset** | **22.33** | **1.20** | **(4.91)** | **18.62** |

The gross movement in deferred tax account for the year ended 31 March 2024 is as follows:

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

| Particulars | Balance as on 1 April 2023 | Recognised in Profit and Loss relating to temporary differences | Recognised in other comprehensive income | Balance as on 31 March 2024 |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Property, plant and equipment and other intangible assets | - | 2.08 | - | 2.08 |
| Provision for employee benefits | 15.63 | 0.86 | (0.04) | 16.45 |
| Forward contracts designated as cash flow hedges | - | - | 1.05 | 1.05 |
| Other provisions | 29.53 | (27.19) | - | 2.34 |
| Others | - | 0.41 | - | 0.41 |
| **Total deferred tax assets** | **45.16** | **(23.84)** | **1.01** | **22.33** |
| **Deferred tax liabilities** | | | | |
| Property, plant and equipment and other intangible assets | 1.98 | (1.98) | - | - |
| Forward contracts designated as cash flow hedges | 0.26 | - | (0.26) | - |
| **Total deferred tax liabilities** | **2.24** | **(1.98)** | **(0.26)** | **-** |
| **Net deferred tax asset** | **42.92** | **(21.86)** | **1.27** | **22.33** |

## 34 BASIC AND DILUTED EARNINGS PER SHARE

| Particulars | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|---|---|
| Face value per equity share (₹) | 10.00 | 10.00 |
| Profit for the year (₹ million) | 203.28 | 144.60 |
| Weighted average number of equity shares | 1,107,756 | 1,087,060 |
| Earnings per share – basic (₹) | 183.51 | 133.02 |
| Effect of dilutive potential equity shares | 4,840 | 25,795 |
| Weighted average number of diluted equity shares | 1,112,596 | 1,112,855 |
| **Earnings per share – diluted** (₹) | 182.71 | 129.94 |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

## 35 LEASE TRANSACTIONS

**Company as a lessee**

The Company primarily has rental office premises across multiple locations

A Refer note 4 for changes in the carrying amount of right of use assets.

**B Break up of current and non-current lease liabilities**

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Non-current lease liabilities | 116.45 | 70.30 |
| Current lease liabilities | 28.60 | 15.52 |
| **Total** | **145.05** | **85.82** |

**C Movement in lease liabilities**

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Balance at the beginning of the year | 85.82 | 32.10 |
| Additions during the year | 82.36 | 84.48 |
| Finance cost accrued on lease liabilities | 14.40 | 2.88 |
| Payment of lease liabilities | 37.53 | 33.64 |
| Termination/modification of leases | - | - |
| **Balance at the end of the year** | **145.05** | **85.82** |

**D Contractual maturities of lease liabilities on an undiscounted cash flows basis**

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Not later than one year | 42.90 | 24.64 |
| Later than one year and not later than five years | 136.91 | 87.42 |
| Later than five years | - | - |
| **Total undiscounted lease liabilities** | **179.81** | **112.06** |

The Company does not face significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded in the statement of profit and loss consist of :

1. Short-term leases - ₹ 0.45 million (Previous Year ₹ Nil).
2. Low value leases - ₹ 0.00* million (Previous Year ₹ 1.04 million).

**Since denominated in millions*

There is no lease, that is yet to commenced, to which the Company is committed.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

## 36 DETAILS OF PROVISIONS AND MOVEMENTS IN EACH CLASS OF PROVISIONS AS REQUIRED BY THE IND-AS 37 ON PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### 36.1 Provision for claims

Provision for claims represents the cash outflows estimated by the Company against the claims made. The timing of cash outflows in respect of such provision cannot be reasonably determined. The movement in the said provision is as under:

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Carrying amount as at the beginning of the year | - | 84.57 |
| Payment during the year | - | 76.35 |
| Reversal during the year | - | 8.22 |
| Additional provision made during the year | - | - |
| Carrying amount at the end of the year | - | - |

### 36.2 Contingent liabilities

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Bond executed in favour of Customs Authorities (against which the company has furnished Bank guarantee of ₹ 0.19 million (Previous year ₹ 0.19 million)) | 3.85 | 3.85 |
| Income tax matters appealed by the Company* | - | 3.21 |

* The case under appeal pertains to financial year ended 31 March 2017 where the additional demand raised is adjusted against the refund due for that year and the matter is pending before the Commissioner of Income Tax (Appeals).

### 36.3 Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances):

a. Property, plant and equipment - ₹ 2.18 million (Previous year ₹ 1.33 million).

b. Intangible assets - ₹ Nil (Previous year ₹ Nil).

## 37 DISCLOSURE AS PER THE REQUIREMENT OF SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT ACT, 2006:

a. Principal amount payable to Micro and Small Enterprises (to the extent identified by the Company from available information) as at 31 March 2024 is ₹ 1.12 million (Previous year - ₹ 0.40 million). Estimated interest due thereon is ₹ Nil (Previous year - ₹ Nil).

b. Amount of payments made to suppliers beyond the appointed date during the year is ₹ Nil (Previous year - ₹ Nil). Interest paid thereon is ₹ Nil (Previous year - ₹ Nil) and the estimated interest due and payable thereon is ₹ Nil (Previous year - ₹ Nil).

c. The amount of estimated interest accrued and remaining unpaid as at 31 March 2024 is ₹ Nil (Previous year - ₹ Nil).

d. 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 is ₹ Nil.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

## 38 RELATED PARTY DISCLOSURES

### A. Relationship between the parent and its subsidiaries

% voting power held

| Sr. No. | Particulars | Country of incorporation | As at 31 March 2024 | As at 31 March 2023 |
|---|---|---|---|---|
| **Holding company** | | | | |
| 1 | KPIT Technologies Limited | India | 80.32 | 80 |
| **Direct subsidiaries** | | | | |
| 1 | PathPartner Technology Inc, USA | United States of America | 100 | 100 |
| 2 | PathPartner Technology GmbH, Germany | Germany | 100 | 100 |

### B. List of Key Management Personnel:

| | | |
|---|---|---|
| Key Management Personnel (KMP) | Tushar Kanti Adhikary | Managing Director |
| | Girish Chandra Sabat | Wholetime Director |
| | Kishor Parshuram Patil | Director |
| | Anup Vitthal Sable | Director |
| | Rajesh Janwadkar | Director |
| | Bhavna Doshi | Independent Director (w.e.f 29 March 2024) |
| | Anil Patwardhan | Independent Director (w.e.f 29 March 2024) |

### C. List of other related parties with whom there are transactions:

| Sr. No. | Fellow subsidiaries | Country of incorporation |
|---|---|---|
| 1 | Microfuzzy Industrie-Elektronic GmbH | Germany |
| 2 | KPIT (Shanghai) Software Technology Co. Limited | China |
| 3 | KPIT Technologies Inc. | United States of America |
| 4 | KPIT Technologies GK | Japan |
| 5 | KPIT Technologies GK (South Korea Branch) | Japan |
| 6 | KPIT Technologies GmbH | Germany |
| 7 | KPIT Technologies UK Limited | United Kingdom |
| 8 | KPIT Technologies UK Limited (Sweden Branch) | United Kingdom |
| 9 | Technica Engineering GmbH | Germany |
| 10 | KPIT Technologies S.A.S. | France |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

**D. Transactions with related parties**

| No. | Name of related party | 31 March 2024 | | 31 March 2023 | |
|---|---|---|---|---|---|
| | | Amount of transactions during the year | Balance as on 31 March 2024 Debit/(Credit) | Amount of transactions during the year | Balance as on 31 March 2023 Debit/(Credit) |
| **Transactions with holding and subsidiary companies[(i)]** | | | | | |
| **1** | **PathPartner Technology Inc, USA** | | | | |
| | Software development services (Revenue) | 213.62 | 20.75 | 186.59 | 38.64 |
| | Software service charges | - | - | 12.97 | - |
| | Reimbursement of revenue | 7.78 | - | 2.03 | - |
| | Advance | 0.04 | 0.03 | 0.15 | - |
| | Reimbursement of expenses | (1.48) | | (2.79) | 3.60 |
| **2** | **PathPartner Technology GmbH, Germany** | | | | |
| | Software service charges | - | - | 5.06 | - |
| | Loan given | - | - | - | - |
| | Interest on loan given | - | - | 0.15 | - |
| | Repayment of loan with interest | - | - | 4.45 | - |
| | Investment in Equity | - | - | 3.98 | - |
| | Reimbursement of expenses | - | 3.25 | (0.06) | 3.25 |
| **3** | **KPIT Technologies Limited** | | | | |
| | Software development services (Revenue) | 12.77 | (0.08) | 0.40 | 0.47 |
| | Software service charges | 10.44 | (2.48) | 0.17 | - |
| | ClearOne settlement (Reduction in receivable from KPIT pursuant to receipt of insurance claim) | 85.65 | - | - | - |
| | Reimbursement of expenses | 7.83 | (7.72) | 111.63 | 107.90 |
| **4** | **Microfuzzy Industrie-Elektronic GmbH** | | | | |
| | Software development services (Revenue) | - | - | 0.55 | - |
| **5** | **KPIT (Shanghai) Software Technology Co. Limited** | | | | |
| | Software development services (Revenue) | 5.91 | 0.90 | 2.77 | 0.73 |
| **6** | **KPIT Technologies Inc.** | | | | |
| | Software development services (Revenue) | 244.62 | 29.63 | 81.61 | 18.01 |
| | Advance | 0.39 | 0.40 | - | - |
| **7** | **KPIT Technologies GK** | | | | |
| | Software development services (Revenue) | 63.78 | 18.32 | 2.61 | - |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

| No. | Name of related party | 31 March 2024 | | 31 March 2023 | |
|---|---|---|---|---|---|
| | | Amount of transactions during the year | Balance as on 31 March 2024 Debit/(Credit) | Amount of transactions during the year | Balance as on 31 March 2023 Debit/(Credit) |
| **8** | **KPIT Technologies GK (South Korea Branch)** | | | | |
| | Software development services (Revenue) | 0.71 | 0.96 | 3.83 | - |
| **9** | **KPIT Technologies GmbH** | | | | |
| | Software development services (Revenue) | 152.64 | 38.34 | 27.49 | 8.44 |
| **10** | **KPIT Technologies UK Limited** | | | | |
| | Software development services (Revenue) | 23.12 | 2.45 | 2.32 | - |
| **11** | **KPIT Technologies UK Limited (Sweden Branch)** | | | | |
| | Software development services (Revenue) | 1.25 | 0.84 | 0.29 | 0.29 |
| **12** | **KPIT Technologies S.A.S.** | | | | |
| | Software development services (Revenue) | 2.01 | - | - | - |
| **13** | **Technica Engineering GmbH** | | | | |
| | Software service charges | 0.15 | - | - | - |
| **Transactions with Key Management Personnel(ii)** | | | | | |
| **1** | **Tushar Kanti Adhikary** | | | | |
| | Short term employment benefits | 10.38 | - | 9.43 | - |
| | Post employment benefits | 0.81 | - | 0.78 | - |
| | Perquisite | 0.02 | - | - | - |
| | Reimbursement of expenses (net) | 0.00* | - | 0.03 | - |
| **2** | **Girish Chandra Sabat** | | | | |
| | Short term employment benefits | 10.38 | - | 9.43 | - |
| | Post employment benefits | 0.81 | - | 0.78 | - |
| | Perquisite | 0.02 | - | - | - |
| | Reimbursement of expenses (net) | 0.10 | - | 0.03 | - |
| **3** | **Kishor Parshuram Patil** | | | | |
| | Sitting Fees | - | - | 0.01 | - |
| **4** | **Anup Vitthal Sable** | | | | |
| | Sitting Fees | - | - | 0.01 | - |
| **5** | **Rajesh Janwadkar** | | | | |
| | Sitting Fees | - | - | 0.01 | - |

**Since denominated in millions*

(i) All transactions with these related parties are priced on an arm's length basis.

(ii) Remuneration excludes provision for gratuity and compensated absences as separate actuarial valuation for the directors, key management personnel and their relatives is not available.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

## 39 ANALYTICAL RATIOS

| Ratio/measure | Numerator | Denominator | 31 March 2024 | 31 March 2023 | Variance |
|---|---|---|---|---|---|
| Current ratio | Current assets | Current liabilities | 4.67 | 4.66 | 0.15% |
| Debt-equity ratio | Total debt[a] | Shareholders' equity | 0.21 | 0.18 | 16.53% |
| Debt service coverage ratio | Earnings available for debt service[b] | Debt service[c] | 7.13 | 5.77 | 23.59% |
| Return on equity | Net profits after taxes | Average shareholders' equity | 34.19% | 35.01% | -2.35% |
| Trade receivables turnover ratio | Revenue from operations | Average trade receivables | 4.99 | 4.66 | 6.96% |
| Trade payables turnover ratio (Refer note i below) | Purchase of services and other expenses | Average trade payables[e] | 4.91 | 6.67 | -26.40% |
| Net capital turnover ratio (Refer note ii below) | Revenue from operations | Working capital | 1.95 | 2.64 | -26.04% |
| Net profit ratio | Net profit after tax | Revenue | 17.40% | 14.00% | 24.31% |
| Return on capital employed | Earning before interest and taxes | Capital Employed[d] | 34.45% | 35.66% | -3.39% |
| Return on investment (treasury operations) (Refer note iii below) | Income generated from investments | Time weighted average investment | 7.07% | 4.56% | 55.04% |

**Notes:**

a. Debt includes current and non-current lease liabilities.

b. Earnings available for debt service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortisations + interest + other adjustments like loss on sale of fixed assets etc.

c. Debt service includes lease payments for the year.

d. Capital Employed = Tangible net worth + Total debt

e. Trade payables include provision for expenses.

**Explanation for variances exceeding 25%**

i. During the previous year, the Company had incurred expenses towards litigation. This litigation has been settled in the previous year. This has resulted in decrease in the ratio. Refer note 32 for more details.

ii. During the current year, the cash generated from business operations has resulted into increase in working capital.

iii. During the current year, the investments have increased and have yielded better returns as compared to previous year, resulting in improvement of the ratio.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

## 40 EXPENDITURE AND EARNINGS IN FOREIGN CURRENCY

### A CIF Value of Imports (on accrual basis)

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Capital goods | 7.38 | 1.62 |

### B Earnings in foreign Currency

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Revenue from operations | 935.03 | 749.47 |
| Interest income | - | 0.15 |

### C Expenditure in foreign Currency

| Particulars | 31 March 2024 | 31 March 2023 |
|---|---|---|
| Cost of service delivery | 0.87 | 18.00 |
| Cost of Professional sub contracting | - | 0.11 |
| Salaries, wages and incentives | 1.02 | 1.89 |
| Travel expenses | 0.20 | 0.33 |
| Recruitment and training expenses | - | 0.05 |
| Repairs and maintenance | 0.09 | 0.64 |
| Rates & taxes | - | 0.61 |
| Legal and professional fees | 4.67 | 48.54 |
| Marketing expenses | 1.46 | 0.61 |
| Other expenses | 0.83 | 2.08 |

## 41 SEGMENT INFORMATION

Where a financial report contains both consolidated financial statements and separate financial statements of the parent, segment information needs to be presented only in case of consolidated financial statements. Accordingly, segment information has been provided only in the consolidated financial statements of the parent.

## 42 CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company, as per section 135 of the Companies Act 2013, is required to spend towards CSR, in various activities as specified in Schedule VII of the Companies Act 2013, read with the Rules thereunder, as direct spend for purposes other than construction/acquisition of any asset.

| Particulars | | 31 March 2024 | 31 March 2023 |
|---|---|---|---|
| a. | Amount approved by the Board and required to be spent by the Company during the year | 2.34 | 1.13 |
| b. | Amount of expenditure incurred for purposes other than construction/ acquisition of any asset | 2.47 | 1.26 |
| c. | Shortfall at the end of the year | - | - |
| d. | Total of previous years shortfall | - | - |
| e. | Reason for shortfall | NA | NA |
| f. | Nature of CSR activities | Promotion of education, Sustainable livelihood, Infrastructure development | |
| g. | Details of related party transactions in relation to CSR expenditure as per relevant accounting standard | - | - |

Also, refer Annexure A of the Board's Report.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

## 43 EXEMPTION FROM PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Section 129(3) of the Companies Act, 2013 prescribes the requirement for preparation of the consolidated financial statements. Further, second proviso of Rule 6 of the Companies (Accounts) Rules, 2014 provides exemption from the preparation of financial statements on fulfilment of few conditions. The Company as at 31 March 2024 has complied with the conditions mentioned in Rule 6 thereby availing exemption from preparation of consolidated financial statements.

**44** During the year ended 31 March 2022, the Company had received an email from National Company Law Tribunal ("NCLT") with respect to a petition filed under section 241 and 242 of the Companies Act 2013 by one petitioner against a private limited company, wherein the Company and 2 of its ex- directors (director upto 19 October 2021) have been made as a Respondents. These ex- directors are shareholders and executive directors of the said private limited company.

The Company has assessed the said petition from legal standpoint in consultation with its solicitors and noted:

a. The Company is no way connected to the petitioner or the said private limited company.

b. In the petition, neither any averments/claims have been made against the Company nor any documents have been submitted that proved nexus between the petitioner and PTPL.

c. The petitioner has used the Company's name in this matter with a vexatious intent.

The Company has filed an application with NCLT for deletion of company's name as a party to this case. The hearing on the case is still pending. The Company does not expect to have any exposure from this case.

## 45 ADDITIONAL REGULATORY INFORMATION PURSUANT TO THE REQUIREMENT IN DIVISION II OF SCHEDULE III TO THE COMPANIES ACT 2013

(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 has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(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 not any 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.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ million)

(viii) The Company has not taken any borrowings from banks and financial institutions.

(ix) None of the entities in the Company have been declared willful defaulter by any bank or financial institution or government or any government authority.

(x) The Company has complied with the number of layers prescribed under the Companies Act, 2013.

(xi) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

**46** The Company has established a system of maintenance of information and documents as required by the transfer pricing legislation under Section 92-92F of the Income Tax Act 1961. The Company is in the process of updating the documentation for the financial year 2023-2024.

The management is of the opinion that international transactions are at arm's length and accordingly the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

As per our report of even date attached

**For B S R & Co. LLP**
**Chartered Accountants**
**Firm Registration Number: 101248W/W-100022**

**Swapnil Dakshindas**
Partner
Membership No. 113896
Place: Pune
Date: 29 April 2024

**For and on behalf of the Board of Directors of**
**PathPartner Technology Private Limited**
CIN: U72900KA2006PTC039891

**Kishor Patil**
Director
DIN: 00076190
Place: Pune
Date: 25 April 2024

**Tushar Kanti Adhikary**
Director
DIN: 00362585
Place: Bengaluru
Date: 25 April 2024

**Girish Chandra Sabat**
Director
DIN: 00913757
Place: Bengaluru
Date: 25 April 2024