**Walker Chandiok & Co LLP**
9th Floor, A Wing, Prestige Polygon,
471, Anna Salai, Mylapore Division,
Teynampet, Chennai – 600 035,
Tamilnadu, India

T +91 44 4294 0099
F +91 44 4294 0044

## Independent Auditor's Report

**To the Members of Hinduja Tech Limited**

## Report on the Audit of the Consolidated Financial Statements

### Opinion

1. We have audited the accompanying consolidated financial statements of Hinduja Tech Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its joint venture as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a material accounting policy information and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, its joint venture, as at 31 March 2024, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

### Basis for Opinion

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

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

4. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Board's Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

5. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

6. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

7. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its joint venture.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

   - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.;

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

   - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture 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; and

   - Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group, and its joint venture, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

**Other Matter**

11. We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 25,516 lakhs as at 31 March 2024, total revenues of ₹ 25,926 lakhs and net cash inflows of amounting to ₹ 592 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.

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Further, these subsidiaries, are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of such subsidiaries located outside India, is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

12. We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets of ₹ 84 lakhs as at 31 March 2024, total revenues of ₹ 99 lakhs and net cash outflows amounting to ₹ 185 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 348 lakhs for the year ended 31 March 2024, as considered in the consolidated financial statements, in respect of one joint venture, whose financial statements has not been audited by us. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid subsidiaries and joint venture, are based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial statements certified by the management.

**Report on Other Legal and Regulatory Requirements**

13. As required by section 197(16) of the Act based on our audit, we report that the Holding Company incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

14. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.

15. As required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

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

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, except for the matters stated in paragraph 15(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).

c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

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d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

e) On the basis of the written representations received from the directors of the Holding Company, and taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding company, are disqualified as on 31 March 2024 from being appointed as a director in terms of section 164(2) of the Act.

f) The adverse remark relating to the maintenance of accounts and other matters connected therewith with respect to the consolidated financial statements are as stated in paragraph 15(b) above on reporting under section 143(3)(b) of the Act and paragraph 15(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).

g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiaries, and joint venture covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A' wherein we have expressed an unmodified opinion; and

h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiaries joint venture incorporated in India whose financial statements have been audited under the Act:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its joint venture as detailed in Note 3.01 to the consolidated financial statements.

ii. The Holding Company, its subsidiaries and joint venture did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2024;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiaries and joint venture covered under the Act, during the year ended 31 March 2024.

iv.

a. The management of the Holding Company has represented to us that, to the best of their knowledge and belief ,as disclosed in note 3.19 (vii) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The management of the Holding Company has represented to us that, to the best of their knowledge and belief as disclosed in the note 3.19 (vii) to the accompanying consolidated financial statements, no funds have been received by the Holding Company from any persons or entities), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

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

v. The Holding Company, have not declared or paid any dividend during the year ended 31 March 2024.

vi. As stated in note 3.19 (viii) to the consolidated financial statements and based on our examination which included test checks, except for the instances mentioned below, the Holding Company, in respect of financial year commencing on 1 April 2023, has used accounting software for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with, other than the consequential impact of the exceptions given below.

| Nature of exception noted | Details of exception |
|---|---|
| Instances of accounting software for maintaining books of account which did not have a feature of recording audit trail (edit log) facility. | i) The audit trail feature was not enabled at the database level for accounting software to log any direct data changes, used for maintenance of all accounting records by the Holding Company.<br><br>ii) The accounting software used for maintenance of employee records, customer records and sales records of the Holding Company does not retain all the modifications made for transactions at application level and only the latest change logs are retained. |
| Instances of accounting software maintained by a third party where we are unable to comment on the audit trail feature | The accounting software used for maintenance of payroll records of the Holding Company is operated by a third-party software service provider. In the absence of the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with SAE 3402, Assurance Reports on Controls at a Service Organisation), we are unable to comment on whether audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software. |

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

WALKER CHANDIOK & CO. LLP
CHENNAI
CHARTERED ACCOUNTANTS

**Sumesh E S**
Partner
Membership No.: 206931
UDIN: 24206931BKFPFN5929

**Place**: Chennai
**Date**: 20 May 2024

**Annexure A**

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

1. In conjunction with our audit of the consolidated financial statements of Hinduja Tech Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its joint ventures as at and for the year ended 31 March 2024, we have audited the internal financial controls with reference to financial statements of the Holding Company, which are companies covered under the Act, as at that date.

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

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

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

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

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, as aforesaid.

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**Annexure A to the Independent Auditor's Report of even date to the members of Hinduja Tech Limited on the consolidated financial statements for the year ended 31 March 2024**

**Meaning of Internal Financial Controls with Reference to Financial Statements**

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

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

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

**Opinion**

8. In our opinion, the Holding Company, which is covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2024, based on internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

WALKER CHANDIOK & CO. LLP CHENNAI CHARTERED ACCOUNTANTS

**Sumesh E S**
Partner
Membership No.: 206931
UDIN: 24206931BKFPFN5929

Chennai
20 May 2024

**Hinduja Tech Limited**

**Consolidated Balance Sheet as at March 31, 2024**

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

| Particulars | Note No. | As at March 31, 2024 | As at March 31, 2023 (Restated)* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 1.01 | 6,581.20 | 5,181.61 |
| Intangible assets | 1.02 | 7,705.17 | 8,532.84 |
| Capital work-in-progress | 1.01 | 2.19 | - |
| Right-of-use assets | 1.03 | 488.65 | 716.73 |
| Goodwill | 3.18 | 17,295.93 | 16,856.57 |
| Financial assets | | | |
| (i) Investments | 1.04 | 519.38 | 839.27 |
| (ii) Other financial assets | 1.05 | 174.33 | 189.47 |
| Deferred tax asset | 3.13 | 540.70 | 474.02 |
| Non-current tax assets (net) | 1.06 | 689.13 | 932.31 |
| Other non-current assets | 1.07 | 1,221.74 | 39.12 |
| **Total non-current assets** | | **35,218.42** | **33,761.94** |
| **Current assets** | | | |
| Financial assets | | | |
| (i) Trade receivables | 1.08 | 9,370.90 | 7,059.29 |
| (ii) Cash and cash equivalents | 1.09a | 10,197.60 | 15,859.08 |
| (iii) Bank balances other than (ii) above | 1.09b | 21.46 | 0.34 |
| (iv) Other financial assets | 1.10 | 233.43 | 195.89 |
| Contract asset - unbilled revenue | | 3,992.80 | 2,856.50 |
| Other current assets | 1.11 | 5,771.27 | 1,476.92 |
| **Total current assets** | | **29,587.46** | **27,448.02** |
| **TOTAL ASSETS** | | **64,805.88** | **61,209.96** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 1.12 | 21,026.20 | 20,852.33 |
| Other equity | 1.13 | 2,119.96 | (577.01) |
| **Total equity** | | **23,146.16** | **20,275.32** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| (i) Lease liabilities | 1.14 | 77.19 | 424.46 |
| (ii) Borrowings | 1.15 | 14,967.14 | 15,247.13 |
| (iii) Other financial liabilities | 1.16 | 3,120.58 | 5,883.30 |
| Provisions | 1.17 | 221.18 | 188.90 |
| Deferred tax liabilities | 3.13 | 2,628.94 | 2,450.03 |
| **Total non-current liabilities** | | **21,015.03** | **24,193.82** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Lease liabilities | 1.18 | 513.93 | 459.21 |
| (ii) Borrowings | 1.19 | 787.74 | 344.49 |
| (iii) Trade payables | 1.20 | | |
| -Total outstanding dues to micro and small enterprises | | 66.50 | 54.55 |
| -Total outstanding dues to other than micro and small enterprises | | 1,355.17 | 1,101.51 |
| (iv) Other financial liabilities | 1.21 | 9,876.40 | 9,011.76 |
| Contract liabilities | | 6,399.33 | 4,231.90 |
| Other current liabilities | 1.22 | 842.20 | 589.82 |
| Provisions | 1.23 | 700.25 | 506.62 |
| Current tax liabilities (net) | | 103.17 | 440.96 |
| **Total current liabilities** | | **20,644.69** | **16,740.82** |
| **TOTAL EQUITY AND LIABILITIES** | | **64,805.88** | **61,209.96** |

*Refer note 3.17

The accompanying notes form an integral part of these consolidated financial statements

In terms of our report attached
For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/ N500013

**Sumesh E S**
Partner
Membership No. 206931

WALKER CHANDIOK & CO. LLP ★ CHARTERED ACCOUNTANTS ★ CHENNAI

Chennai, May 20, 2024

For and on behalf of the Board of Directors of
**Hinduja Tech Limited**
CIN:U72400TN2009PLC072067

**Kumar Prabhas**
Chief Executive Officer

**Dheeraj G Hinduja**
Chairman
DIN: 00133410

**Raghunath Parthasarathy**
Chief financial Officer
Chennai, May 20, 2024

**Abhishek N S**
Company Secretary
Chennai, May 20, 2024

## Hinduja Tech Limited

## Consolidated Statement of Profit and Loss for the year ended March 31, 2024

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

| Particulars | Note No. | Year ended March 31, 2024 | Year ended March 31, 2023 (Restated)* |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 2.01 | 61,931.40 | 39,163.00 |
| Other income | 2.02 | 764.90 | 605.05 |
| **Total income** | | **62,696.30** | **39,768.05** |
| **Expenses** | | | |
| Cost of outsourced services and materials consumed | 2.03 | 5,626.40 | 3,091.64 |
| Employee benefits expense | 2.04 | 41,069.56 | 26,833.93 |
| Finance costs | 2.05 | 1,814.55 | 556.42 |
| Depreciation and amortisation expense | 2.06 | 3,051.94 | 1,526.72 |
| Other expenses | 2.07 | 7,673.29 | 5,229.17 |
| **Total expenses** | | **59,235.74** | **37,237.88** |
| **Profit before share of profit/loss from joint venture and tax** | | **3,460.56** | **2,530.17** |
| Share of profit/(loss) from joint venture | 1.04 | (347.84) | (44.99) |
| **Profit before tax** | | **3,112.72** | **2,485.18** |
| **Tax expense:** | | | |
| - Current tax | 3.13 | 1,220.67 | 826.90 |
| - Deferred tax | 3.13 | 46.29 | (107.33) |
| **Total tax expense** | | **1,266.96** | **719.57** |
| **Profit for the year** | | **1,845.76** | **1,765.61** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| - Remeasurement of defined benefit plans | | (52.82) | (20.12) |
| Income tax on items that will not be reclassified to profit or loss | | 13.30 | 5.06 |
| | | (39.52) | (15.06) |
| **Items that will be reclassified to profit or loss** | | | |
| - Exchange differences on translation of foreign operations | | 420.38 | 355.46 |
| | | 420.38 | 355.46 |
| **Other comprehensive income for the year** | | **380.86** | **340.40** |
| **Total comprehensive income for the year** | | **2,226.62** | **2,106.01** |
| **Earnings per equity share on profit for the year (Face value of ₹10 each)** | | | |
| Basic (in ₹) | 3.14 | 0.88 | 1.01 |
| Diluted (in ₹) | 3.14 | 0.87 | 1.01 |

*Refer note 3.17

The accompanying notes form an integral part of these consolidated financial statements

In terms of our report attached

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

**Sumesh E S**
Partner
Membership No. 206931

WALKER CHANDIOK & CO. LLP ★ CHENNAI ★ CHARTERED ACCOUNTANTS

Chennai, May 20, 2024

For and on behalf of the Board of Directors of
**Hinduja Tech Limited**
CIN:U72400TN2009PLC072067

**Kumar Prabhas**
Chief Executive Officer

**Dheeraj G Hinduja**
Chairman
DIN: 00133410

**Raghunath Parthasarathy**
Chief financial Officer

**Abhishek N S**
Company Secretary

Chennai, May 20, 2024

Chennai, May 20, 2024

## Hinduja Tech Limited

## Consolidated Statement of Cash flows for the year ended March 31, 2024

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

| Particulars | | Year ended March 31, 2024 | Year ended March 31, 2023 (Restated)* |
|---|---|---|---|
| **Cash Flows from operating activities** | | | |
| Profit before tax | | 3,112.72 | 2,485.18 |
| Adjustments for : | | | |
| Allowance for credit losses | | (91.52) | 173.69 |
| Provision for gratuity | | 112.67 | 93.83 |
| Provision for compensated absences | | 133.21 | 103.28 |
| Profit on disposal of property, plant and equipment/intangible assets | | (0.53) | (0.64) |
| Depreciation and amortisation expense | | 3,051.94 | 1,526.72 |
| Unwinding of Earnout Liability | | 296.04 | - |
| Unrealised foreign exchange gain | | 208.56 | 108.69 |
| Employee stock option expenses | | 407.97 | 276.81 |
| Interest on bank borrowings | | 1,439.09 | 440.94 |
| Interest on lease liabilities | | 79.42 | 115.48 |
| Interest income | | (661.73) | (497.68) |
| Loss on equity method measurement of investment | | 347.84 | 44.99 |
| **Operating profit before working capital changes** | | **8,435.68** | **4,871.29** |
| Adjustments for changes in : | | | |
| (Increase) in trade receivables | | (2,441.51) | (1,097.79) |
| (Increase) in financial assets | | (1,168.58) | (282.61) |
| (Increase)/ Decrease in other assets | | (5,476.97) | 223.62 |
| (Decrease) in provisions | | (72.79) | (27.42) |
| Increase in trade payables | | 265.61 | 205.11 |
| Increase/ (Decrease) in other financial liabilities | | 759.70 | (1,383.25) |
| Increase in other liabilities | | 2,419.81 | 292.91 |
| **Cash generated from operations** | | **2,720.95** | **2,801.86** |
| Income tax (paid)/ refund | | (1,236.04) | 58.34 |
| **Net cash flow generated from operating activities** | **(A)** | **1,484.91** | **2,860.20** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment and intangible assets | | (3,007.34) | (950.33) |
| Investment in intercorporate deposits | | (6,000.00) | (6,000.00) |
| Proceeds from intercorporate deposits | | 6,000.00 | 11,300.00 |
| Purchase consideration for business combination | | (2,953.82) | (18,996.89) |
| Interest on bank/intercorporate deposits | | 661.73 | 497.68 |
| Proceeds from/investment in bank deposits | | (21.12) | (0.34) |
| **Net cash flow (used in) investing activities** | **(B)** | **(5,320.55)** | **(14,149.88)** |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of equity Shares | | 182.25 | 8,941.75 |
| Proceeds from/ (repayment of) short term borrowings | | (344.49) | 344.49 |
| Proceeds from Long term borrowings | | - | 15,247.13 |
| Repayment of interest on borrowings | | (1,439.09) | (440.94) |
| Payment of principal of lease liabilities | | (541.65) | (541.55) |
| Payment of interest on lease liabilities | | (79.42) | (115.48) |
| Share application money received under ESOP scheme-pending allotment | | 54.00 | 4.10 |
| **Net cash flow (used in)/ generated from financing activities** | **(C)** | **(2,168.40)** | **23,439.50** |
| **Net cash inflow** | **(A+B+C)** | **(6,004.04)** | **12,149.82** |
| Opening cash and cash equivalents | | 15,859.08 | 3,356.07 |
| Effects of foreign currency translation | | 342.56 | 353.19 |
| **Cash and cash equivalents at the end of the year** | | **10,197.60** | **15,859.08** |
| **Cash and cash equivalents comprise of :** | | | |
| - Balances with banks in current account | | **10,197.60** | **15,859.08** |
| **Cash and cash equivalents at the end of the year (Refer note 1.09)** | | **10,197.60** | **15,859.08** |

*Refer note 3.17

The accompanying notes form an integral part of these consolidated financial statements

In terms of our report attached
**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/ N500013

**Sumesh E S**
Partner
Membership No. 206931

WALKER CHANDIOK & CO. LLP ★ CHENNAI ★ CHARTERED ACCOUNTANTS

Chennai, May 20, 2024

For and on behalf of the Board of Directors of
**Hinduja Tech Limited**
CIN:U72400TN2009PLC072067

**Kumar Prabhas**
Chief Executive Officer

**Dheeraj G Hinduja**
Chairman
DIN: 00133410

**Raghunath Parthasarathy**
Chief financial Officer
Chennai, May 20, 2024

**Abhishek N S**
Company Secretary
Chennai, May 20, 2024

## Hinduja Tech Limited

## Consolidated Statement of Changes in Equity for the Year ended March 31, 2024

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

| Particulars | Equity share capital | Other equity | | | | | |
|---|---|---|---|---|---|---|---|
| | | Share application money pending allotment | Surplus | | | Other reserves | Total other equity |
| | | | Stock option outstanding account | Retained earnings | Securities premium | Accumulated other comprehensive income | |
| **Balances as at April 1, 2022** | 15,565.13 | - | 120.21 | (6,525.25) | 87.63 | (301.08) | (6,618.49) |
| Add: Profit for the year (Restated)* | - | - | - | 1,765.61 | - | - | 1,765.61 |
| Add: Other comprehensive income for the year (Restated)* | - | - | - | - | - | 340.40 | 340.40 |
| Add: Recognition of share based payment | - | - | 276.81 | - | - | - | 276.81 |
| Add: Share application money received | - | 8,945.86 | - | - | - | - | 8,945.86 |
| Add: Shares issued during the year | 5,287.20 | (8,941.76) | (75.37) | - | 3,729.93 | - | (5,287.20) |
| **Balance as at March 31, 2023 (Restated)*** | **20,852.33** | **4.10** | **321.65** | **(4,759.64)** | **3,817.56** | **39.32** | **(577.01)** |
| Add: Profit for the year | - | - | - | 1,845.76 | - | - | 1,845.76 |
| Add: Other comprehensive income for the year | - | - | - | - | - | 380.86 | 380.86 |
| Add: Recognition of share based payment | - | - | 407.97 | - | - | - | 407.97 |
| Add: Share application money received | | 273.75 | - | - | - | - | 273.75 |
| Add: Shares issued during the year | 173.87 | (223.85) | (109.35) | - | 121.83 | - | (211.37) |
| **Balance as at March 31, 2024** | **21,026.20** | **54.00** | **620.27** | **(2,913.88)** | **3,939.39** | **420.18** | **2,119.96** |

*Refer note 3.17

The accompanying notes form an integral part of these consolidated financial statements

In terms of our report attached

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

WALKER CHANDIOK & CO. LLP ★ CHARTERED ACCOUNTANTS ★ CHENNAI

Sumesh E S
Partner
Membership No. 206931

Chennai, May 20, 2024

For and on behalf of the Board of Directors of
**Hinduja Tech Limited**
CIN:U72400TN2009PLC072067

Kumar Prabhas
Chief Executive Officer

Chennai, May 20, 2024

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Chairman
DIN: 00133410

Chennai, May 20, 2024

Raghunath Parthasarathy
Chief financial Officer

Chennai, May 20, 2024

Abhishek N S
Company Secretary

Chennai, May 20, 2024

## *Summary of material accounting policies and other explanatory information*

### 1. Background

Hinduja Tech Limited ('the Parent Company') was incorporated on June 24, 2009, as an Unlisted Public Limited Company. The Company is principally engaged in providing integrated engineering and digital technology solutions and services to global customers. Hinduja Tech Limited together with its subsidiaries is herein after referred to as 'the Group'.

The Group has (a) Development and Delivery centres in Chennai, Pune and Bengaluru, (b) branch offices in UK, France, Japan and Mexico and (c) wholly owned subsidiaries in Germany, USA, China, Canada, UK and Czech Republic. The Company also a JV in UK.

The Parent Company is domiciled in India and has its registered office at 1, Sardar Patel Road Guindy, Chennai, Tamil Nadu – 600032.

### 2. Basis of preparation of financial statements

**General information and statement of compliance with Indian Accounting Standards (Ind AS)**

The Consolidated Financial Statements of the Group have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016 as notified under section 133 of Companies Act, 2013 (the "Act") and the relevant provisions of the Act.

The consolidated financial statements as at and for the year ended March 31, 2024, are approved and authorized for issue by the board of directors on May 20, 2024.

The consolidated financial statements of the Group are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial assets and financial liabilities that have been measured at fair value. These consolidated financial statements are presented in lakhs of Indian Rupees (rounded off to two decimals) which is also the Parent's functional currency, except per share data and as otherwise stated. Figures for the previous years have been regrouped/rearranged wherever considered necessary to conform to the figures presented in the current year. Due to rounding, the numbers presented throughout the document may not add up precisely to the totals and percentage may not precisely reflect the absolute figures.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the schedule III to the Act. Based on the nature of work, the Group has ascertained its operating cycle as up to twelve months for the purpose of current and non-current classification of assets and liabilities.

### 3. Basis and Principles of consolidation:

The consolidated financial statements include the financial statements of the Parent and all of its subsidiaries as listed below. The financial statements of the subsidiaries forming part of these consolidated financial statements are drawn up to 31 March 2024. All material inter-company transactions and balances are eliminated on consolidation.

*<This space has been left blank intentionally>*

The following subsidiaries and Joint Venture have been included in the consolidated financial statements:

| Particulars | Country of incorporation | Percentage of holding as at | |
|---|---|---|---|
| | | 31 March 2024 | 31 March 2023 |
| **Subsidiaries** | | | |
| Hinduja Tech Inc., USA | USA | 100 | 100 |
| Hinduja Tech GmBH | Germany | 100 | 100 |
| Hinduja Tech (Shangai) Co., Ltd | China | 100 | 100 |
| Hinduja Tech Canada Inc. | Canada | 100 | 100 |
| Hinduja Tech UK Limited | United Kingdom | 100 | 100 |
| Drive System Design Limited | United Kingdom | 100 | 100 |
| Drive System Design Inc | USA | 100 | 100 |
| Drive System Design, s.r.o | Czech Republic | 100 | 100 |
| **Joint Venture** | | | |
| Zebeyond Ltd | UK | 50 | 50 |

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under Ind AS 110 - Consolidated Financial Statements and accounting standards as specified in the Ind ASs notified by the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

## 4. Material Accounting Policies:

### a) Business combinations and goodwill

The Company accounts for its business combinations under acquisition method of accounting. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair value of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange of control of the acquiree. Acquisition related costs are generally recognised in consolidated statement of profit and loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree, if any over the net of the acquisition–date amounts of the identifiable assets acquired, and the liabilities assumed.

If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

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When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case may be. Measurement period adjustments are adjustments that arise from the additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed as on the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments and are classified as an asset or liability and are re-measured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in consolidated statement of profit and loss.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Business combinations arising from entities that are under the common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the entity are recorded in other equity.

**b) Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units that is expected to benefit from the synergies of the combination.

A cash generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. Any impairment loss for goodwill is recognised directly in consolidated statement of profit and loss. An impairment loss recognised for goodwill is not reversed in the subsequent periods.

**c) Foreign currency translation**

**Reporting and presentation currency**
The consolidated financial statements are presented in Indian Rupees, which is also the functional currency of the Parent.

**d) Revenue Recognition**

Revenue is primarily derived from product engineering services and digital technology solutions. The Group recognizes revenue from contract based on IND AS 115. To determine whether to recognize revenue from contracts with customers, the Group follows a 5-step process:

1. Identifying the contract with customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligations are satisfied.

Revenue from contracts with customers is recognized upon transfer of control of promised services to the customer at an amount that reflects the consideration the Group expects to receive in exchange for those services.

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Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

Revenue in fixed price contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. 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 reporting date.

On the recognition of the receivable from customer, the Group recognizes a contract liability which is then recognized as revenue, once the services are rendered. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised service to the customer and when the customer pays for that service will be one year or less. For other cases, the revenue reflects the cash selling price that the customer would have paid for the promised services when the services are transferred to customer. Thus, there is no significant financing component.

**e) Interest and Dividend Income**

Income from interest is recognized using effective interest method taking into account the amount outstanding and the applicable rate of interest. Dividend income is recognized when the right to receive dividend is established by the reporting date.

**f) Employee benefits:**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

**Short term employee benefits:**

A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short-term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service. The liabilities are presented as current employee obligations in the balance sheet.

**Defined contribution plan**

The Group makes contribution to the statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952, which is a defined contribution plan, and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee. The Group has no further obligations for future provident fund benefits in respect of these employees other than its monthly contributions.

**Defined benefit plan**

**Gratuity**

The liability recognized in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability.

Service cost on the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Actuarial gains and losses resulting from measurements of the net defined benefit liability are included in other comprehensive income.

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The plan assets represent qualifying insurance policies that are administered by an insurance company.

**Compensated absences**
Liability in respect of compensated absences becoming due or expected to be availed after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year in which such losses or gains are determined.

**Overseas entities**

**Defined contribution plan**
The Group's contribution towards defined contribution plan is accrued in compliance with the requirement of the domestic laws of the countries in which the consolidated entities operate in the year of which the contributions are done. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

**Employee's stock option plan**
Share-based compensation benefits are provided to employees via "Employee Stock Option Scheme" of the Parent.

The fair value of options granted under the "Employees Stock Option Scheme" is recognized as an employee benefits expense with a corresponding increase in equity.

**g) Property, plant and equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Property, plant and equipment are depreciated under the straight-line method over the estimated useful lives of the assets, based on technical evaluation, which are different from the lives prescribed under Schedule II to the Companies Act, 2013.

Useful lives adopted by the Group for various class of assets are as follows:

| Particulars | Useful life (years) | Useful life (years)as per Sch II |
|---|---|---|
| Computer equipment | 3 | 3 |
| Furniture and fittings | 4 | 10 |
| Plant and machinery | 4 | 15 |
| Motor Vehicles | 6 | 10 |

The Group has evaluated the applicability of component accounting as prescribed under Ind AS 16 and Schedule II of the Companies Act, 2013. Schedule II requires the Group to identify and depreciate significant components with different useful lives separately.

Depreciation methods, useful life and residual values are reviewed periodically, and updates as required, at each financial year end and adjusted prospectively, if appropriate.

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**h) Intangible assets**

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

Software is stated at cost less accumulated amortization and are being amortized on a straight-line basis over the estimated useful life of 3 years.

Amortization has been included within depreciation and amortization expense.

Gains or losses that arise on disposal or retirement of an intangible asset are measured as the difference between net disposal proceeds and the carrying value of an intangible asset and are recognized in profit and loss when the intangible asset is derecognized.

The amortization period and method are reviewed at each balance sheet date. Residual values and useful lives are reviewed at each reporting date.

**i) Leases**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment of the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised.

In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no changes are required to lease period relating to the existing lease contracts.

With effect from 01 April 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 01 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at it carrying amount as if the standard had been applied since the commencement date of the lease but discounted at the Group's incremental borrowing rate at the date of initial application.

**As a lessee**

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, borrowing is considered for determining the incremental Borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- Fixed payments, including in-substance fixed payments.

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- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- Amounts expected to be payable under a residual value guarantee.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if Group changes its assessment of whether it will exercise a purchase, extension or termination option.

**Short-term leases and leases of low-value assets**
The Group has elected not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months and low value lease. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**The following is the summary of practical expedients elected on initial application:**
- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

**j) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets other than equity instruments are classified into categories: financial assets at fair value through profit or loss and at amortized cost. Financial assets that are equity instruments are classified as fair value through profit or loss or fair value through other comprehensive income. Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

Financial instruments are recognized on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.
Initially, a financial instrument is recognized at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognized in determining the carrying amount, if it is not classified as at fair value through profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

**Classification and subsequent measurement of financial assets**
For the purpose of subsequent measurement financial assets are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

- Amortized cost
- Fair Value through Other Comprehensive Income (FVTOCI) or
- Fair Value through Profit or Loss (FVTPL)

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets are impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

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**Financial assets at Amortized cost**
A financial asset is subsequently measured at amortized cost using effective interest rate if it is held within a business model where the objective is to hold the financial assets to collect contractual cash flows and the contractual terms gives 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 (FVTOCI)**
A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, the Group, based on its assessment, makes an irrevocable election to present in other comprehensive income the changes in the fair value of an investment in an equity instrument that is not held for trading. These elections are made on an instrument-by instrument (i.e.., share-by-share) basis. If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in other comprehensive income. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. The dividends from such instruments are recognized in statement of profit and loss.

**Financial assets at Fair Value through Profit or Loss (FVTPL)**
Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognized in profit or loss.

**De recognition of financial assets**
The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.
On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

**Equity instruments**
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs. Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these non-cumulative Preference Shares are recognised in Profit or Loss, upon declaration, as finance cost.

**Classification, subsequent measurement and De recognition of financial liabilities**
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortized cost. The Group's financial liabilities include borrowings, trade and other payables.

**Subsequent measurement**
Financial liabilities are measured subsequently at amortized cost using the effective interest method except financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in statement of profit and loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in statement of profit and loss are included within finance costs or finance income.

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**De-recognition of financial liability**

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

**Impairment of financial assets**

The Group applies expected credit loss model for recognising impairment loss on financial assets not designated as at FVTPL. Expected credit losses are measured through a loss allowance at an amount equal to:

- the 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

**k) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

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

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

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

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**l) Borrowing cost**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepared the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs including Unwinding of discount on Redeemable Preference Shares computed using the market rate are expensed in the period in which they are incurred.

**m) Equity, reserves and dividend payments**

Share capital represents the nominal (par) value of shares that have been issued and paid-up. Other components of equity include the following:

i. Accumulated other comprehensive income which includes re-measurement of net defined benefit liabilities.
ii. Retained Earnings represents the accumulated surplus transferred from the statement of profit and loss.
iii. Surplus in the statement of profit and loss includes all current and previous period retained profits.
iv. Stock option outstanding account includes the value of equity-settled share-based payment transactions with employees.
v. All transactions with owners of the parents are recorded separately within equity.

**n) Income Taxes:**

Tax expense recognized in statement of profit and loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates in accordance with tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date. Deferred taxes pertaining to items recognized in other comprehensive income are also disclosed under the same head.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Group's forecast of future opening results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are generally recognized in full, although Ind AS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the Group does not recognize deferred tax liability on temporary differences relating to goodwill, or to its investments in subsidiaries.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in statement of profit and loss, except where they relate to items that are recognized in other comprehensive income (such as re-measurement of net defined benefit plans) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

**o) Trade receivables:**

Trade receivables are recognized at their transaction price as the same do not contain significant financing component.

**p) Segment Reporting:**

**Identification of segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

The Group's operations predominantly relate to providing end-to- end business solution thereby enhancing business performance of customers globally operating in various segments. The Operating segments have been identified on the basis of the nature of services.

**Unallocated items**

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

**Segment accounting policies**

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group as a whole.

Revenue and identifiable operating expenses in relating to segments are categorized based on items that are individually identifiable to that segment. Certain expenses such as depreciation, cannot be allocated as the underlying assets are used interchangeably. When the Chief Operational Decision Maker believes that it is not practicable to provide segment disclosure relating to certain cost and expenses, the same is separately disclosed as 'unallocated'.

Disclosure relating to total segment assets and liabilities are made wherever it is allocable to the particular segment. All other assets have been categorised as un-allocable assets. Fixed assets used in the Group's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments.

**q) Earnings per equity share**

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to owners of the parent by the weighted average number of equities shares outstanding during the period.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equities shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Group (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equities shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

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**r) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and overdraft accounts and other short- term highly liquid investments with original maturities of 3 months or less, as applicable.

**s) Share based payments.**

The Company recognizes compensation expense relating to share based payments in the statement of profit and loss, using fair value in accordance with Ind AS 102, Share based payments. The Company issues equity-settled share-based options to eligible employees under stock option schemes.

This cost is recognized, together with a corresponding increase in stock options outstanding account in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognized for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

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

**t) Provisions and contingencies**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, 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.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation, or it cannot be measured with sufficient reliability. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

The Company does not recognize contingent assets unless the realization of the income is virtually certain, however these are assessed continually to ensure that the developments are appropriately disclosed in the financial statements.

## 5. Material management judgment in applying accounting policies and estimation uncertainty.

**Use of Estimates:**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

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The following are material management estimates and judgements in applying the accounting policies of the Group that have the material effect on the financial statements.

**Revenue recognition:**
The Group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. 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 reporting date.

**Recognition of deferred tax assets**
The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits.

**Defined benefit obligation (DBO)**
Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**Useful lives of depreciable / amortizable assets**
Management reviews its estimate of the useful lives of depreciable / amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

**Provisions and contingencies**
Management applies key assumptions about the likelihood and magnitude of an outflow of resources to account for the recognition and measurement of provisions and contingencies which is reviewed by the management at each reporting date.

**Fair value measurements**
Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuations. The Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes to the Consolidated Financial Statements.

## 6. Recent accounting pronouncements

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

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## Hinduja Tech Limited

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

Notes to Financial Statements

### 1.01 Property, plant and equipment

| DESCRIPTION | GROSS BLOCK | | | | | | ACCUMULATED DEPRECIATION | | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | April 01, 2023 | Acquisition through business combinations | Additions | Disposals | Net exchange differences | March 31, 2024 | April 01, 2023 | Charge during the year | Reversal on disposals | Net exchange differences | March 31, 2024 | March 31, 2024 |
| Land** | 626.36 | - | - | - | 20.86 | 647.22 | - | - | - | - | - | 647.22 |
| Buildings | 1,215.97 | - | 19.06 | - | 63.67 | 1,298.70 | 52.48 | 130.15 | - | 26.80 | 209.43 | 1,089.27 |
| Computer equipment | 1,263.02 | - | 391.76 | (71.24) | 34.51 | 1,618.05 | 633.07 | 364.36 | (70.93) | 19.90 | 946.40 | 671.65 |
| Furniture and fittings | 892.84 | - | 52.43 | (1.73) | 45.51 | 989.05 | 139.24 | 180.27 | (1.08) | 24.23 | 342.66 | 646.40 |
| Plant and equipment | 2,272.20 | - | 2,065.93 | - | 76.49 | 4,414.62 | 267.64 | 579.39 | - | 40.93 | 887.96 | 3,526.66 |
| Vehicles | 5.28 | - | - | - | 1.36 | 6.65 | 1.63 | 3.74 | - | 1.28 | 6.65 | 0.00 |
| **Total** | **6,275.67** | **-** | **2,529.18** | **(72.97)** | **242.40** | **8,974.29** | **1,094.06** | **1,257.91** | **(72.01)** | **113.14** | **2,393.09** | **6,581.20** |

| DESCRIPTION | GROSS BLOCK | | | | | | ACCUMULATED DEPRECIATION | | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | April 01, 2022 | Acquisition through business combinations *** | Additions | Disposals | Net exchange differences | March 31, 2023 | April 01, 2022 | Charge during the year | Reversal on disposals | Net exchange differences | March 31, 2023 | March 31, 2023 |
| Land | - | 626.36 | - | - | - | 626.36 | - | - | - | - | - | 626.36 |
| Buildings | - | 1,213.16 | 2.81 | - | - | 1,215.97 | - | 52.21 | - | 0.27 | 52.48 | 1,163.49 |
| Computer equipment | 720.17 | 192.99 | 348.07 | - | 1.79 | 1,263.02 | 457.23 | 173.72 | - | 2.12 | 633.07 | 629.95 |
| Furniture and fittings | 155.01 | 736.19 | 1.64 | - | - | 892.84 | 55.18 | 83.58 | - | 0.48 | 139.24 | 753.60 |
| Plant and equipment | 168.34 | 1,728.56 | 375.14 | - | 0.16 | 2,272.20 | 130.34 | 136.86 | - | 0.44 | 267.64 | 2,004.56 |
| Vehicles | | 5.28 | - | - | - | 5.28 | - | 1.61 | - | 0.02 | 1.63 | 3.65 |
| **Total** | **1,043.52** | **4,502.54** | **727.66** | **-** | **1.95** | **6,275.67** | **642.75** | **447.98** | **-** | **3.33** | **1,094.06** | **5,181.61** |

** Title deeds of freehold land not held in the name of the group - Nil

*** Refer note 3.17 for details

**Capital work-in progress (CWIP)**

| Description | April 01,2023 | Additions | Capitalised during the year | Adjustments | March 31,2024 |
|---|---|---|---|---|---|
| Capital work-in-progress | - | 2.19 | - | - | 2.19 |

| Description | April 01,2022 | Additions | Capitalised during the year | Adjustments | March 31,2023 |
|---|---|---|---|---|---|
| Capital work-in-progress | 3.59 | - | 3.59 | - | - |

**CWIP Ageing Schedule**

| | As at March 31, 2024 | | | | |
|---|---|---|---|---|---|
| Amount in CWIP for a period of | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 2.19 | - | - | - | 2.19 |
| Projects temporarily suspended | - | - | - | - | - |

Refer note 3.01 for details of capital commitments

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Hinduja Tech Limited

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

## 1.02 Intangible assets

| DESCRIPTION | GROSS BLOCK | | | | | | ACCUMULATED AMORTISATION | | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | April 01, 2023 | Additions | Acquisition through business combinations | Disposals | Net exchange differences | March 31, 2024 | April 01, 2023 | Charge during the year | Reversal on disposals | Net exchange differences | March 31, 2024 | March 31, 2024 |
| Computer software | | | | | | | | | | | | |
| - Acquired | 2,027.10 | 228.80 | - | - | - | 2,255.90 | 1,602.21 | 307.28 | - | - | 1,909.49 | 346.41 |
| Customer relationships | 6,098.85 | - | - | - | 203.10 | 6,301.95 | 249.52 | 772.25 | - | 15.75 | 1,037.52 | 5,264.43 |
| Trademark | 2,337.89 | - | - | - | 77.86 | 2,415.75 | 79.27 | 237.31 | - | 4.84 | 321.42 | 2,094.33 |
| **Total** | **10,463.84** | **228.80** | **-** | **-** | **280.96** | **10,973.60** | **1,931.00** | **1,316.84** | **-** | **20.59** | **3,268.43** | **7,705.17** |

| DESCRIPTION | GROSS BLOCK | | | | | | ACCUMULATED AMORTISATION | | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | April 01, 2022 | Additions | Additions through Business Combinations ** | Disposals | Net exchange differences | March 31, 2023 (Restated) | April 01, 2022 | Charge during the year | Reversal on disposals | Net exchange differences | March 31, 2023 (Restated) | March 31, 2023 (Restated) |
| Computer software | | | | | | | | | | | | |
| - Acquired | 1,793.37 | 233.73 | 884.26 | (874.21) | (10.05) | 2,027.10 | 1,355.33 | 246.88 | - | - | 1,602.21 | 424.89 |
| Customer Relationships | - | - | 6,098.85 | - | - | 6,098.85 | - | 248.64 | - | 0.88 | 249.52 | 5,849.33 |
| Trademark | - | - | 2,337.89 | - | - | 2,337.89 | - | 76.41 | - | 2.86 | 79.27 | 2,258.62 |
| **Total** | **1,793.37** | **233.73** | **9,321.00** | **(874.21)** | **(10.05)** | **10,463.84** | **1,355.33** | **571.93** | **-** | **3.74** | **1,931.00** | **8,532.84** |

** Refer note 3.17 for details

Refer note 3.01 for details of capital commitments

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### 1.03 Right-of-use assets

| DESCRIPTION | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | April 01, 2023 | Additions | Disposals | March 31, 2024 | April 01, 2023 | Charge during the year | Reversal on disposals | March 31, 2024 | March 31, 2024 |
| **Right-of-use assets** | | | | | | | | | |
| - Buildings | 2,446.08 | 249.11 | - | 2,695.19 | 1,729.35 | 477.19 | - | 2,206.54 | 488.65 |
| **Total** | **2,446.08** | **249.11** | **-** | **2,695.19** | **1,729.35** | **477.19** | **-** | **2,206.54** | **488.65** |

| DESCRIPTION | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|
| | April 01, 2022 | Additions | Disposals | March 31, 2023 | April 01, 2022 | Charge during the year | Reversal on disposals | March 31, 2023 | March 31, 2023 |
| **Right-of-use assets** | | | | | | | | | |
| - Buildings | 2,446.08 | - | - | 2,446.08 | 1,222.54 | 506.81 | - | 1,729.35 | 716.73 |
| **Total** | **2,446.08** | **-** | **-** | **2,446.08** | **1,222.54** | **506.81** | **-** | **1,729.35** | **716.73** |

**Notes:**

1.Escalation clause - the percentage of escalation is up to a maximum of 5%

2.Discounting rate used for the purpose of computing right to use asset - 9.75%

3. Rental amount per annum ranges from INR 20 Lakhs to 500 Lakhs, which also carries a clause for extension of agreement based on mutual understanding between Lessor and Lessee

4. The lease period ranges from 2 years to 5 years over which the right to use asset is depreciated on a straight line basis.

5. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any major covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for borrowing purposes.

Refer note 3.12 for movement in lease liabilities and right of use assets.

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

### 1.04 Non current - financial assets - Investments

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Investment in unquoted equity instruments (fully paid up)** | | |
| **(i) Joint ventures (accounted for using equity method)** | | |
| Zebeyond Limited, UK (150 equity shares of GBP 1 each) | | |
| Carrying value of investment - beginning of the year | 839.27 | 884.26 |
| Exchange translation difference | 27.95 | - |
| Less: Share of loss | (347.84) | (44.99) |
| **Carrying value of investment - end of the year** | **519.38** | **839.27** |

### 1.05 Other non-current financial assets

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Unsecured, considered good | | |
| - Security deposits | 174.33 | 189.47 |
| | **174.33** | **189.47** |

### 1.06 Non-current tax assets (net)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Advance income tax | 689.13 | 932.31 |
| | **689.13** | **932.31** |

### 1.07 Other non current assets

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Capital advances | 1,209.92 | - |
| Prepaid expenses | 11.82 | 39.12 |
| | **1,221.74** | **39.12** |

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**Hinduja Tech Limited**

**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024**

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

## 1.08 Trade receivables

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Trade receivables - unsecured | | |
| (i) Considered good | | |
| - Related parties (Refer note 3.05(d)) | 345.39 | 236.58 |
| - Others | 9,025.51 | 6,822.71 |
| (ii) Significant increase in credit risk | | |
| - Others | 107.99 | 176.76 |
| | **9,478.89** | **7,236.05** |
| **Allowance for expected credit loss** | | |
| (i) Receivables which have significant increase in credit risk | 107.99 | 176.76 |
| | **9,370.90** | **7,059.29** |
| **Movement in allowance for expected credit loss:** | | |
| Opening balance | 176.76 | 32.29 |
| Allowance/ (Reversal) during the year, net | (91.52) | 173.69 |
| Written off | - | (29.22) |
| Net exchange differences | 22.75 | - |
| **Closing balance** | **107.99** | **176.76** |

The Group believes that the carrying amount of allowance for expected credit loss with respect to trade receivables, unbilled revenue and other financial assets is adequate.

**Trade receivables ageing schedule**

| Particulars | Outstanding for following periods from due date of payment as at March 31, 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed trade receivables – considered good | | | | | | | |
| -Related parties | 244.30 | 84.17 | 16.92 | - | - | - | 345.39 |
| -Others | 5,761.28 | 2,857.46 | 97.39 | 79.13 | - | - | 8,795.26 |
| (ii) Undisputed trade receivables –which have significant increase in credit risk | | | | | | | - |
| -Related parties | - | - | - | - | - | - | - |
| -Others | - | 77.97 | 12.29 | 14.97 | - | 2.77 | 107.99 |
| (iii) Disputed trade receivables considered good | - | - | - | 38.50 | 191.75 | - | 230.25 |
| (iv) Disputed trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |

| Particulars | Outstanding for following periods from due date of payment as at March 31, 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed trade receivables – considered good | | | | | | | |
| -Related parties | 104.51 | 114.65 | 4.63 | 12.79 | - | - | 236.58 |
| -Others | 5,139.66 | 1,515.72 | 6.91 | - | - | - | 6,662.29 |
| (ii) Undisputed trade receivables –which have significant increase in credit risk | | | | | | | - |
| -Related parties | - | - | - | - | - | - | - |
| -Others | - | 47.87 | 30.56 | 2.95 | - | 7.27 | 88.65 |
| (iii) Disputed trade receivables considered good | - | 34.48 | 3.64 | 122.30 | - | - | 160.42 |
| (iv) Disputed trade receivables - which have significant increase in credit risk | - | - | - | 88.11 | - | [illegible] | 88.11 |

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## Hinduja Tech Limited

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

### 1.09 Cash and bank balances

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **a. Cash and cash equivalents** | | |
| - Balances with banks in current account | 10,197.60 | 15,859.08 |
| **Total cash and cash equivalents** | **10,197.60** | **15,859.08** |
| **b. Other bank balances** | | |
| - Deposits with original maturity more than 3 months but less than 12 months | 21.46 | 0.34 |
| **Total other bank balances** | **21.46** | **0.34** |
| | **10,219.06** | **15,859.42** |

**Note:** There are no repatriation restrictions with regard to cash and bank balances as at the end of the reporting period and the prior period.

### 1.10 Other current financial assets

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Employee advances | 1.86 | 0.29 |
| Derivative assets | - | 9.31 |
| Others receivables | | |
| -Related parties (Refer note 3.05) | - | 10.36 |
| -Others | 68.60 | 43.00 |
| Security deposits | 162.97 | 132.93 |
| | **233.43** | **195.89** |

### 1.11 Other current assets

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Advance for services | 3,887.90 | 313.00 |
| Travel advance | 99.48 | 26.60 |
| Balances with government authorities* | 2.55 | 2.55 |
| Balances with government authorities - other than above | 74.55 | - |
| Prepaid expenses | 1,529.95 | 981.14 |
| Deferred contract cost | 172.80 | 150.00 |
| Gratuity asset (Refer note 3.06) | 4.04 | 3.63 |
| | **5,771.27** | **1,476.92** |
| *Balances with government authorities comprises of: | | |
| - Service tax paid under protest | 2.55 | 2.55 |

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

## 1.12 Share capital

**(a) Equity share capital**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Authorised** | | |
| 320,000,000 (March 31, 2023 - 230,000,000) Equity shares of Rs. 10/- each | 32,000.00 | 23,000.00 |
| | **32,000.00** | **23,000.00** |
| **Issued** | | |
| 210,261,988 (March 31, 2023 - 208,523,238) equity shares of Rs. 10/- each | 21,026.20 | 20,852.33 |
| | **21,026.20** | **20,852.33** |
| **Subscribed and fully paid up** | | |
| 210,261,988 (March 31, 2023 - 208,523,238) equity shares of Rs. 10/- each | 21,026.20 | 20,852.33 |
| | **21,026.20** | **20,852.33** |

**(i) Reconciliation of number of equity shares outstanding**

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount |
| Balance as at the beginning of the year | 208,523,238 | 20,852.32 | 155,651,250 | 15,565.13 |
| Add: Issued during the year # | 1,738,750 | 173.88 | 52,871,988 | 5,287.20 |
| **Balance as at the end of the year** | **210,261,988** | **21,026.20** | **208,523,238** | **20,852.33** |

# Of the shares issued above, 17,38,750 shares (March 31, 2023- 1,410,000 shares) have been issued on exercise of right by employees in Employee Stock option Scheme.

There were no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and there were no buy back of shares during the last 5 years immediately preceding March 31, 2024.

**(ii) Shareholders holding more than 5% of the total share capital**

| Name of the Shareholder | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | No. of shares held | % holding of equity shares | No. of shares held | % holding of equity shares |
| Ashok Leyland Limited | 153,950,000 | 73.22% | 153,950,000 | 73.83% |
| Hinduja Automotive Limited | 51,461,988 | 24.48% | 51,461,988 | 24.68% |

* 10,000 (March 31, 2023 - 10,000) shares jointly held by 7 individuals and Ashok Leyland Limited is included in the number of shares held and % disclosed above.

**(iii) Shares held by promoter at the end of the year**

| Promoter's Name | As at March 31, 2024 | | |
|---|---|---|---|
| | No. of shares held | % of total shares | % Change during the year |
| Ashok Leyland Limited | 153,950,000 | 73.22% | -0.61% |
| Hinduja Automotive Limited | 51,461,988 | 24.48% | -0.20% |

| Promoter's Name | As at March 31, 2023 | | |
|---|---|---|---|
| | No. of shares held | % of total shares | % Change during the year |
| Ashok Leyland Limited | 153,950,000 | 73.83% | -25.08% |
| Hinduja Automotive Limited | 51,461,988 | 24.68% | 24.68% |

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

**(iv) Rights, preferences and restrictions in respect of equity shares issued by the Parent Company**

The equity shareholders are entitled to receive dividend as and when declared, a right to vote in proportion of holding and other rights, preferences and restrictions are governed by / in terms of their issue and the provisions of the Companies Act, 2013.

**(v) Shares reserved for issue under employee stock option plan**

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount |
| Under Employee stock option scheme, 2017 * | 2,456,250 | 245.63 | 4,331,000 | 433.10 |
| Under Employee stock option scheme, 2022 | 10,856,000 | 1,085.60 | 7,971,000 | 797.10 |

* Including 5,09,750 stock options exercised and pending to be allotted as at March 31, 2024.

**(b) Preference share capital**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Authorised** | | |
| 24,000,000 (March 31, 2023- 24,000,000) 1% Non cumulative and non convertible redeemable preference shares of Rs.10/- each | 2,400.00 | 2,400.00 |
| | **2,400.00** | **2,400.00** |

**(i) Issued, subscribed and fully paid up**

The parent company has issued 239,00,000 1% Non cumulative and non convertible redeemable preference shares of ₹ 10 each which has been subscribed and fully paid-up. (Refer Note 1.21).

**(ii) Shareholders holding more than 5% of the total share capital and by the promoter**

The non cumulative and non convertible redeemable preference shares are entirely held by Ashok Leyland Limited, being the promoter of the Company.

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

## 1.13 Other equity

| Particulars | As at March 31, 2024 | As at March 31, 2023 (Restated) |
|---|---|---|
| **Stock option outstanding account** | | |
| Balance as at the beginning of the year | 321.65 | 120.21 |
| Add: Recognition of share based payment cost | 407.97 | 276.81 |
| Less: Transferred to securities premium on exercise of stock options | (109.35) | (75.37) |
| Balance as at the end of the year | **620.27** | **321.65** |
| **Retained earnings** | | |
| Balance as at the beginning of the year | (4,759.64) | (6,525.25) |
| Add: Transferred from statement of profit and loss | 1,845.76 | 1,765.61 |
| Balance as at the end of the year | **(2,913.88)** | **(4,759.64)** |
| **Securities premium** | | |
| Balance as at the beginning of the year | 3,817.56 | 87.63 |
| Add: On issue of shares | 12.48 | 3,654.56 |
| Add: Transferred from stock option outstanding account | 109.35 | 75.37 |
| Balance as at the end of the year | **3,939.39** | **3,817.56** |
| **Accumulated other comprehensive income** | | |
| Balance as at the beginning of the year | 39.32 | (301.08) |
| Add : Transfer from other comprehensive income | 380.86 | 340.40 |
| Balance as at the end of the year | **420.18** | **39.32** |
| **Share application money pending allotment** | **54.00** | **4.10** |
| **Total other equity** | **2,119.96** | **(577.01)** |

**Notes to other equity :**

**(a) Stock option outstanding account**

The account is used to recognise the grant date fair value of options issued to the employees of the Parent Company under the Employee stock option scheme. The amounts recorded in this account are transferred to securities premium on exercise of stock options by employees.

**(b) Retained earnings**

Retained earnings comprises of prior years' undistributed earnings after taxes, which can be utilised for purposes such as dividend payout etc.

**(c) Securities Premium**

Amounts received on issue of securities in excess of par value has been classified as securities premium.

**(d) Accumulated other comprehensive income**

Represents remeasurement of defined benefit liability which comprises of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and represents exchange differences on translation of foreign operations.

**(e) Share application money pending allotment**

Represents amount received from employees on exercise of stock options, pending allotment.

## 1.14 Non-current lease liabilities

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Lease liabilities (Refer note 3.12) | 77.19 | 424.46 |
| | **77.19** | **424.46** |

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

### 1.15 Non-current borrowings

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Secured borrowings** | | |
| Term loans from banks * | 14,967.14 | 15,247.13 |
| | **14,967.14** | **15,247.13** |

*The term loans availed by Hinduja Tech UK Limited are for the acquisition of Drive System Design Group and carries an interest rate of overnight SONIA plus applicable spread.

The loan is repayable in quarterly installments over a period of seven years starting from April 2024 and is secured by way of an exclusive charge over stocks, current assets and plant and machinery of Hinduja Tech UK Limited and Drive System Design Limited. Also, the loan is guaranteed by the Parent Company, Hinduja Tech Limited, India.

Further, Hinduja Tech UK Limited has utilized the borrowings for the purpose for which it is obtained.

The Hinduja Tech UK Limited is not declared as a wilful defaulter by any bank or financial institution or government or any government authority.

### 1.16 Other non-current financial liabilities

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Earnout liability * | 3,120.58 | 5,883.30 |
| | **3,120.58** | **5,883.30** |

* Represents fair value of contingent consideration payable for the acquisition of Drive System Design Group, payable over a period of 3 years (Refer note 1.21 and 3.17).

### 1.17 Non current provisions

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Provision for employee benefits** | | |
| Compensated absences (Refer note 3.06) | 221.18 | 188.90 |
| | **221.18** | **188.90** |

### 1.18 Current lease liabilities

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Lease liabilities (Refer note 3.12) | 513.93 | 459.21 |
| | **513.93** | **459.21** |

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WALKER CHANDIOK & CO LLP * CHENNAI * CHARTERED ACCOUNTANTS

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

## 1.19 Current borrowings

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Secured borrowings** | | |
| Working Capital Loans - from Banks | - | 344.49 |
| Current Maturities of Long term debt | 787.74 | - |
| | **787.74** | **344.49** |

The overdraft facility carries an interest rate linked to 3 months repo rate plus applicable spread. During the year, the Parent Company has utilized the cash credit facilities which are secured by hypothecation of book debts of the Parent Company and submitted the stock statements periodically which are in line with the books maintained by the Parent Company.

Further, the Parent Company has utilized the borrowings for the purpose for which it is obtained.

## 1.20 Trade payables

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| i. Micro and small enterprises (Refer note 3.02) | 66.50 | 54.55 |
| ii. Other trade payables | 1,355.17 | 1,101.51 |
| | **1,421.67** | **1,156.06** |

**Trade payables ageing**

| Particulars | Outstanding for following periods from due date of payment as at March 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Not Due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i)MSME | 66.50 | | - | - | - | 66.50 |
| (ii)Others | 727.39 | 591.13 | 36.65 | - | - | 1,355.17 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues - others | - | - | - | - | - | - |

| Particulars | Outstanding for following periods from due date of payment as at March 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Not Due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i)MSME | - | 54.55 | - | - | - | 54.55 |
| (ii)Others | 588.04 | 513.47 | - | - | - | 1,101.51 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues - others | - | - | - | - | - | - |

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WALKER CHANDIOK & CO LLP * CHENNAI * CHARTERED ACCOUNTANTS

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

### 1.21 Other current financial liabilities

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Non-cumulative non-convertible redeemable preference shares # | 2,390.00 | 2,390.00 |
| Employee benefits | 1,848.88 | 1,356.00 |
| Accrued expenses | 2,084.07 | 1,950.50 |
| Interest accrued but not due | 156.77 | 164.19 |
| Earnout liability * | 3,256.01 | 3,151.07 |
| Customer claim payable | 140.09 | - |
| Derivatives liabilities | 0.58 | - |
| | **9,876.40** | **9,011.76** |

# The Parent Company had issued 2,39,00,000 1% non - cumulative non - convertible redeemable preference shares of Rs. 10/- each initially redeemable on October 27, 2016 but was extended and the current due date for redemption is March 2027. However pursuant to the SSA signed by the Company (Refer note 3.20), the preference shares were redeemed on April 26, 2024 and therefore categorised as current.

* Represents fair value of contingent consideration payable for the acquisition of Drive System Design Group, payable over a period of 3 years (Refer note 1.16 and 3.17).

### 1.22 Other current liabilities

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Statutory liabilities | 842.20 | 589.82 |
| | **842.20** | **589.82** |

### 1.23 Current provisions

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Provision for employee benefits** | | |
| - Compensated absences (Refer note 3.06) | 84.00 | 62.90 |
| - Severance pay | 616.25 | 443.72 |
| | **700.25** | **506.62** |

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WALKER CHANDIOK & CO LLP ★ CHENNAI ★ CHARTERED ACCOUNTANTS

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

## 2.01 Revenue from operations

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Income from engineering and IT services | 61,931.40 | 38,959.92 |
| **Other operating income** | | |
| - Sale of duty credit scrips | - | 203.08 |
| | **61,931.40** | **39,163.00** |

## 2.02 Other income

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 (Restated) |
|---|---|---|
| Interest received on financial assets- carried at amortised cost | | |
| - Bank/deposits | 642.94 | 477.71 |
| Profit on disposal of property, plant and equipment/intangible assets | 0.53 | 0.64 |
| Interest on income tax refund | 18.79 | 19.97 |
| Foreign exchange gain - net | - | 94.77 |
| Provisions no longer required, written back | 91.52 | - |
| Miscellaneous income | 11.12 | 11.96 |
| | **764.90** | **605.05** |

## 2.03 Cost of outsourced services and materials consumed

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Cost of materials purchased and consumed | 4,415.91 | 1,850.96 |
| Contract costs | 1,210.49 | 1,240.68 |
| | **5,626.40** | **3,091.64** |

## 2.04 Employee benefits expense

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Salaries, wages and bonus | 36,272.29 | 23,865.72 |
| Contribution to provident, gratuity and other funds | 2,071.24 | 1,484.46 |
| Share based payment costs | 407.97 | 276.81 |
| Staff welfare expenses | 2,318.06 | 1,206.94 |
| | **41,069.56** | **26,833.93** |

## 2.05 Finance costs

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Interest on bank borrowings | 1,439.09 | 440.94 |
| Interest on lease liabilities (Refer note 3.12) | 79.42 | 115.48 |
| Unwinding of financial liabilities | 296.04 | - |
| | **1,814.55** | **556.42** |

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## Hinduja Tech Limited

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

### 2.1 Depreciation and amortisation expenses

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Depreciation of property, plant and equipment (Refer note 1.01) | 1,257.91 | 447.98 |
| Amortisation of intangible assets (Refer note 1.02) | 1,316.84 | 571.93 |
| Depreciation of right-of-use assets (Refer note 1.03) | 477.19 | 506.81 |
| | **3,051.94** | **1,526.72** |

### 2.1 Other expenses

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Power and fuel | 337.12 | 203.90 |
| Rent (Refer note 3.12) | 288.79 | 133.30 |
| Software support and annual maintenance charges | 1,853.18 | 1,182.84 |
| Repairs and maintenance- others | 272.15 | 148.55 |
| Insurance | 40.96 | 224.89 |
| Rates and taxes | 138.98 | 213.10 |
| Selling and administration expenses | 1,370.99 | 437.30 |
| Auditor's remuneration | 30.79 | 31.62 |
| Professional and legal charges | 1,233.41 | 1,396.79 |
| Travel and conveyance | 1,245.41 | 824.36 |
| Communication expenses | 217.26 | 135.02 |
| Bank charges | 53.07 | 43.26 |
| Bad debts written off | - | 29.22 |
| Allowance for credit losses | - | 144.47 |
| Foreign exchange loss - net | 241.93 | - |
| CSR Expenditure (Refer note 3.03) | 31.89 | 31.75 |
| Miscellaneous expenses | 62.48 | 48.80 |
| Provision for customer claim | 254.88 | - |
| | **7,673.29** | **5,229.17** |

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## 3.01 Contingent liabilities and commitments

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| **Claims against the Group not acknowledged as debts:** | | |
| i) Claims by Service tax authorities pending in appeal | 16.81 | 16.81 |
| ii) Customer claim* | 2,310.72 | - |
| **Bank guarantees** | 3.30 | 3.30 |
| (The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved) | | |
| Contractual commitments for acquisition of property, plant and equipment | 56.94 | 390.18 |

*One of the customer has preferred a claim which the company believes is not probable to be settled.

## 3.02 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006

The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Company. The amount of principal and interest outstanding is given below:

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| i) Principal amount paid after appointed date during the year | - | - |
| ii) Amount of interest due and payable for the delayed payment of principal amount | - | - |
| iii) Principal amount remaining unpaid as at the year end | 66.50 | 54.55 |
| iv) Interest due and payable on principal amount unpaid as at the year end | - | - |
| v) Total amount of interest accrued and unpaid as at the year end | - | - |
| vi) Further interest remaining due and payable for earlier years | - | - |

## 3.03 CSR Expenditure:

| Particulars | As at March 31,2024 | As at March 31,2023 |
|---|---|---|
| (a) Gross amount required to be spent by the parent company during the year as per Section 135 of the Companies Act, 2013 read with schedule VII | 31.66 | 31.70 |
| (b) Amount spent during the year on: | | |
| (i) Construction/acquisition of any asset | - | - |
| (ii) On purposes other than (i) above | 31.89 | 31.75 |
| Shortfall at the end of the year | - | - |
| Total of previous years' shortfall | - | - |
| Reasons for shortfall | NA | NA |

As per Section 135 of the Companies Act, 2013 and the relevant Rules made thereunder, the parent company spent Rs. 31.89 lakhs towards CSR Obligations. The aforeasaid amount has been utilized towards Road to Livelihood Program falling under promoting education under schedule VII of the Companies Act, 2013. The CSR activity is implemented through Learning Links Foundation (LLF) an NGO which is not a Related party to the Group.

## 3.04 Remuneration to Key Managerial Personnel

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| **The remuneration to Chief Executive Officer:** | | |
| **Kumar Prabhas** | | |
| Salary and allowances | 281.97 | 229.39 |
| Contribution to provident fund | 10.40 | 8.54 |
| Performance linked variable pay (including provision) | 164.16 | 182.86 |
| Perquisites (evaluated as per IT rules for certain items) | 185.52 | 56.80 |
| | **642.05** | **477.59** |
| **The remuneration to Chief Financial Officer:** | | |
| **Raghunath Parthasarathy (w.e.f January 24, 2023)** | | |
| Salary and allowances | 70.34 | 13.06 |
| Contribution to provident fund | 2.61 | 0.49 |
| Performance linked variable pay (including provision) | 21.20 | 4.70 |
| | **94.15** | **18.25** |
| **Ganapathyraman S (till January 23, 2023)** | | |
| Salary and allowances | - | 62.55 |
| Performance linked variable pay (including provision) | - | 30.31 |
| | - | **92.86** |
| **The remuneration to Company Secretary:** | | |
| **Abhishek N S** | | |
| Salary and allowances | 17.35 | 16.62 |
| Contribution to provident fund | 0.64 | 0.62 |
| Performance linked variable pay (including provision) | 2.67 | 3.25 |
| Perquisites (evaluated as per IT Rules for certain items) | 0.85 | - |
| | **21.51** | **20.49** |

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

## 3.05 Related party disclosure - as per Companies Act/ IND AS 24

### a) Having transactions with the Group during the year

| Name of the related party | Nature of relationship |
|---|---|
| Ashok Leyland Limited | Holding Company |
| Hinduja Automotive Limited, United Kingdom | Holding Company of Ashok Leyland Limited |
| Gulf Oil Lubricants India Limited | Fellow subsidiary of Ashok Leyland Limited |
| Albonair (India) Private Ltd | Subsidiary of Ashok Leyland Limited |
| Hinduja Investments and Project services limited | Significant influence on HTL |
| Switch Mobility Limited, UK | Fellow subsidiary |
| Switch Mobility Automotive Limited | Fellow subsidiary |
| Gro Digital Platforms Limited | Fellow subsidiary |
| Zebeyond Limited, UK | Joint Venture of Drive System Design Limited, UK |
| Mr. Kumar Prabhas, Chief Executive Officer | Key Managerial Personnel |
| Mr. Raghunath Parthasarathy, Chief Financial Officer (from Jan 24,2023) | Key Managerial Personnel |
| Mr. S. Ganapathyraman, Chief Financial Officer (till Jan 24,2023) | Key Managerial Personnel |
| Mr. Abhishek, Company Secretary | Key Managerial Personnel |
| Mr. Aditya Sapru | Independent director |
| Ms. Bhumika Batra (till Sep 2, 2023) | Independent director |
| Mr. Sridharan Kesavan (from May 16, 2023) | Independent director |
| Ms. Payal Koul Mirakhur (from Jan 23, 2023) | Independent director |

### b) Key managerial personnel compensation (Refer note 3.04)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---:|---:|
| Short term employee benefits | 557.69 | 542.75 |
| Post employment benefits | 13.65 | 9.64 |
| Share based payment | 186.36 | 56.80 |
| **Total compensation** | **757.70** | **609.19** |

**Note :** Share based payment has been computed based on number of options exercised by the Key managerial personnel. As gratuity and compensated absences are being computed for all the employees as a whole, the amount relating to Key managerial personnel cannot be determined separately, hence not included above.

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## Hinduja Tech Limited

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

### c) Details of transactions with related parties

| Name of related party | Nature of transaction | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|---|
| Ashok Leyland Limited | Income from services | 3,753.75 | 2,884.92 |
| | Reimbursement of expenses (payment) | 107.64 | 71.69 |
| | Reimbursement of expenses (Receipt) | 135.13 | 66.32 |
| | Rent | 0.94 | 0.81 |
| Gro Digital Platforms Limited | Income from services | - | 4.51 |
| Hinduja Automotive Limited, United Kingdom | Rent paid | 16.65 | 15.54 |
| | Issue of equity shares | - | 8,800.00 |
| Hinduja Investments and Project services limited | Retainer fee paid | 54.10 | 37.95 |
| Switch Mobility Limited, UK | Income from services | 1,078.91 | 356.82 |
| | Reimbursement of expenses (Receipt) | 9.01 | 65.06 |
| Switch Mobility Automotive Limited | Income from services | 394.96 | 182.81 |
| | Reimbursement of expenses (payment) | 1.51 | - |
| | Reimbursement of expenses (Receipt) | 7.65 | 8.54 |
| Albonair(India) Private Limited | Income from services | 7.30 | 5.00 |
| Zebeyond Limited, UK | Income from services | 98.15 | - |
| | Sale of intangible asset | - | 874.21 |
| Mr. Kumar Prabhas, Chief Executive Officer | Remuneration | 642.05 | 477.59 |
| Mr. Raghunath Parthasarathy, Chief Financial Officer (from Jan 24,2023) | Remuneration | 94.15 | 18.25 |
| Mr. S. Ganapathyraman, Chief Financial Officer (till Jan 24,2023) | Remuneration | - | 92.86 |
| Mr. Abhishek, Company Secretary | Remuneration | 21.51 | 20.49 |
| Mr. Aditya Sapru | Sitting fees paid | 6.10 | 5.00 |
| Ms. Bhumika Batra (till Sep 2, 2023) | Sitting fees paid | 2.60 | 6.80 |
| Mr. Sridharan Kesavan (from May 16, 2023) | Sitting fees paid | 2.30 | - |
| Ms. Payal Koul Mirakhur (from Jan 23, 2023) | Sitting fees paid | 2.80 | 1.00 |

### d) Details of balances as on March 31, 2024

| Name of related party | Nature of transaction | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| Ashok Leyland Limited | Trade receivable | 105.54 | 131.19 |
| | Unbilled/(Unearned) revenue | 386.64 | 233.64 |
| Switch Mobility Limited | Trade receivable | 143.92 | 79.02 |
| | Unbilled/(Unearned) revenue | 100.41 | 128.33 |
| Switch Mobility Automotive Limited | Trade receivable | 47.10 | 26.37 |
| | Unbilled/(Unearned) revenue | 46.40 | 40.99 |
| Hinduja Investments and Project services limited | Trade payable | 69.42 | 35.47 |
| Albonair(India) Private Limited | Unbilled/(Unearned) revenue | 2.92 | - |
| Zebeyond Limited, UK | Trade receivable | 48.83 | 10.36 |

### e) Disclosure as required under section 186(4) of the Companies Act, 2013

| Particulars | As at March 31, 2024 | As at March 31, 2023 | Purpose |
|---|---|---|---|
| **(i) Inter Corporate Deposits** | | | |
| - Hinduja Group Limited * | - | - | Funding for working capital |

* Maximum outstanding balance during the year is ₹ 6,000.00 lakhs (2022-23 - ₹6,000.00 lakhs). The terms are in compliance with Section 186(7) of the Companies Act, 2013.

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## 3.1 Employee benefits

**1) Defined contribution plans**
The Group makes provident fund, employee state insurance and Labour Welfare Fund contributions which are defined contribution plans for qualifying employees. Under the schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefit. The Group has recognised the following contributions in the statement of profit and loss which are at rates specifies in the rules of the respective schemes.

In case of group companies and branches operating in foreign jurisdictions, the payments in the form of defined contribution towards pension / social security schemes is made as per the laws and regulations of local jurisdiction in which the companies operate. These payments are made to the appropriate authority / entity which is managing the funds / schemes. The assets of the funds / schemes managed by the authorities / entities are held separately from that of these group companies and branches and there are no further obligation once the contributions are made.

The total expense recognised in consolidated statement of profit or loss of ₹ 1,958.56 lakhs (for the year ended March 31, 2023 - ₹ 1,390.64 lakhs) represents contribution payable to these plans by the Group at rates specified in the rules of the plan.

**2) Defined benefit plans**
The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The group accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation. The group makes annual contributions to a funded group gratuity scheme administered by the Life Insurance Corporation of India.

Group's liability towards gratuity (funded) and compensated absences are actuarially determined at each reporting date using the projected unit credit method.

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk and salary risk.

| | |
|---|---|
| Investment risk | The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit. |
| Interest risk | A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments. |
| Salary risk | The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. |

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## Hinduja Tech Limited

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

### 3.06 a) Employees benefits - Defined benefit plan (Gratuity)

The principal assumptions used for the purposes of the actuarial valuations were as follows.

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Discount rate | 6.97% | 7.14% |
| Expected rate of salary increase | 7.00% | 7.00% |
| Attrition rate | 20.00% | 20.00% |
| Average Longevity at retirement age - past service (years) | 2.35 | 2.26 |
| Average Longevity at retirement age - future service (years) | 4.90 | 4.90 |

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

**Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:**

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Current service cost | 118.54 | 97.34 |
| Net interest expense | (6.17) | (3.52) |
| **Components of defined benefit costs recognised in profit or loss** | **112.37** | **93.82** |
| **Remeasurement on the net defined benefit liability comprising:** | | |
| Actuarial (gain)/loss for year - obligation | 50.19 | 22.54 |
| Actuarial (gain)/loss for year - plan assets | 2.63 | (2.42) |
| **Components of defined benefit costs recognised in other comprehensive income** | **52.82** | **20.12** |
| **Total** | **165.19** | **113.94** |

The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in profit or loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

**The amount included in the statement of financial position arising from the Company's obligation in respect of its defined benefit plans is as follows:**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Present value of defined benefit obligation | 672.68 | 550.17 |
| Fair value of plan assets | 676.72 | 553.80 |
| **Net (asset)/ liability*** | **(4.04)** | **(3.63)** |
| Funded | - | - |
| Unfunded | - | - |
| **Total** | - | - |

* The excess of plan assets balance against the provision for defined benefit obligations have been disclosed as gratuity asset.

**Movements in the present value of the defined benefit obligation in the current year were as follows:**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Opening defined benefit obligation | 550.17 | 497.08 |
| Current service cost | 118.54 | 97.34 |
| Interest cost | 36.33 | 27.88 |
| Actuarial loss/(gain) | 50.19 | 22.54 |
| Benefits paid | (82.56) | (94.68) |
| **Closing defined benefit obligation** | **672.68** | **550.17** |

**Movements in the fair value of the plan assets in the current year were as follows:**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Opening fair value of plan assets | 553.80 | 492.94 |
| Expected return on plan assets | 42.51 | 31.40 |
| Contributions | 165.60 | 121.72 |
| Benefits paid | (82.56) | (94.68) |
| Actuarial (loss)/gain | (2.63) | 2.42 |
| **Closing fair value of plan assets** | **676.72** | **553.80** |

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### 3.06 a) Employee benefits (continued)

The Company had funded its liability towards Gratuity to its employees through group gratuity scheme with Life Insurance Corporation of India which manages the plan assets. Contributions made to the said scheme net of provisions made upto the end of earlier year have been charged to Statement of Profit and Loss of the year.

The actual return on plan assets was March 31,2024 : ₹ 39.88 lakhs (March 31,2023: ₹ 33.82 lakhs).

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

| | Discount rate | | Future salary increases | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| **31 March 2024** | | | | |
| Sensitivity level | 0.50% | 0.50% | 0.50% | 0.50% |
| Impact on defined benefit obligation | (14.37) | 15.01 | 15.01 | (15.27) |
| **31 March 2023 (Restated)** | | | | |
| Sensitivity level | 0.50% | 0.50% | 0.50% | 0.50% |
| Impact on defined benefit obligation | (11.53) | 12.03 | 12.72 | (12.32) |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

**Employee benefits - Maturity profile**

The expected maturity analysis of undiscounted gratuity benefit obligation after balance sheet date is as follow:

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Year 1 | 129.22 | 94.88 |
| Year 2 | 97.00 | 101.13 |
| Year 3 | 93.79 | 76.20 |
| Year 4 | 90.00 | 77.25 |
| Year 5 | 87.43 | 67.79 |
| Over 5 years | 284.23 | 224.72 |
| **Total** | **781.67** | **641.97** |

The average duration of the benefit obligation as at March 31, 2024 is 5.1 years (as at March 31, 2023: 5.1 years).

**Major categories of plan assets (as percentage of total plan assets)**

Funds managed by Insurer - 100% (2022-23 - 100%)

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### 3.06 b) Employees benefits - Compensated absences

The Company has determined the liability for Employee benefits - Compensated absences in accordance with the IND AS 19 - Employee benefits. The details of the said employee benefits are as under:

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **i) Expense recognised in the statement of profit and loss for the year** | | |
| Current service cost | 80.15 | 60.58 |
| Interest cost | 15.14 | 11.80 |
| Expected return on plan assets | - | - |
| Net actuarial loss | 37.74 | 30.89 |
| **Total expenses** | **133.03** | **103.27** |
| **ii) Net Asset/ (Liability) recognized in the Balance Sheet** | | |
| Present value of the obligation | (305.18) | (251.80) |
| **Net Asset/ (Liability) recognised in the Balance Sheet** | **(305.18)** | **(251.80)** |
| **iii) Change in present value of the obligation during the year** | | |
| Present value of obligation as at beginning of year | 251.80 | 232.05 |
| Current service cost | 80.15 | 60.58 |
| Interest cost | 15.14 | 11.80 |
| Benefits paid | (79.65) | (83.52) |
| Actuarial (gain) / loss on obligation | 37.74 | 30.89 |
| **Present value of obligation as at end of year** | **305.18** | **251.80** |
| **iv) Actuarial assumptions** | | |
| Discount rate | 6.97% | 7.14% |
| Attrition rate | 20.00% | 20.00% |
| Future salary increase (consider inflation, promotion, seniority and other relevant factors.) | 7.00% | 7.00% |

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

| | Discount rate | | Future salary increases | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| **31 March 2024** | | | | |
| Sensitivity level | 0.50% | 0.50% | 0.50% | 0.50% |
| Impact on liability | (5.71) | 5.95 | 5.92 | (5.74) |
| **31 March 2023 (Restated)** | | | | |
| Sensitivity level | 0.50% | 0.50% | 0.50% | 0.50% |
| Impact on liability | (4.72) | 4.92 | 4.91 | (4.75) |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

**v) Movement in provision : (Refer notes 1.17 and 1.23)**

| Particulars | | Opening balance | Utilised during the year | Additional provision made | Closing balance |
|---|---|---|---|---|---|
| Employee benefits: (₹ lakhs) | | | | | |
| - Compensated absences | March 31, 2024 | 251.80 | 79.65 | 133.03 | 305.19 |
| | March 31, 2023 | 232.05 | 83.52 | 103.27 | 251.80 |

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

### 3.07 Additional information required as per Schedule - III of the Companies Act, 2013:

| Name of the entity | Net Assets i.e. total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income (OCI) | | Share in total comprehensive income (TCI) | |
|---|---|---|---|---|---|---|---|---|
| | As a % of consolidated assets | Amount | As a % consolidated profit or loss | Amount | As a % consolidated OCI | Amount | As a % consolidated TCI | Amount |
| **As at March 31, 2024** | | | | | | | | |
| Hinduja Tech Limited - Holding Company | 39% | 22,975.31 | 24% | 2,110.76 | 8% | 33.62 | 24% | 2,144.38 |
| **Wholly owned foreign subsidiaries (including step down subsidiaries):** | | | | | | | | |
| Hinduja Tech GmbH, Germany | 1% | 826.80 | 1% | 129.98 | 1% | 3.47 | 1% | 133.45 |
| Hinduja Tech Inc., USA | 1% | 829.59 | 0% | 17.93 | 3% | 12.14 | 0% | 30.07 |
| Hinduja Tech (Shanghai) Co., Ltd. China | 1% | 28.86 | 0% | (7.75) | 0% | (1.46) | 0% | (9.21) |
| Hinduja Tech Canada Inc. | 0% | (29.86) | 0% | 14.54 | 0% | (0.45) | 0% | 14.09 |
| Hinduja Tech UK Limited | 25% | 14,416.09 | 49% | 4,566.66 | 84% | 373.35 | 51% | 4,940.01 |
| Drive System Design Limited, UK | 27% | 15,633.88 | 22% | 2,047.44 | 3% | 14.66 | 21% | 2,062.10 |
| Drive System Design Inc, USA | 6% | 3,398.29 | 8% | 712.73 | 2% | 9.58 | 7% | 722.32 |
| Drive System Design SRO, Czech | 0% | (19.61) | 0% | (8.53) | 0% | (2.06) | 0% | (10.59) |
| **Joint venture:** | | | | | | | | |
| Zebeyond Limited, UK | 1% | 519.38 | -4% | (347.84) | 0% | - | -4% | (347.84) |
| **Total** | **100%** | **58,578.73** | **100%** | **9,235.92** | **100%** | **442.84** | **100%** | **9,678.76** |
| Inter-company eliminations and other adjustments | - | (35,432.57) | - | (7,390.16) | - | (61.98) | - | (7,452.14) |
| **Total for consolidated financial statements - March 31, 2024** | - | **23,146.16** | - | **1,845.76** | - | **380.86** | - | **2,226.62** |

| Name of the entity | Net Assets i.e. total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As a % of consolidated assets | Amount | As a % consolidated profit or loss | Amount | As a % consolidated OCI | Amount | As a % consolidated TCI | Amount |
| **As at March 31, 2023 (Restated)** | | | | | | | | |
| Hinduja Tech Limited - Holding | 37% | 20,186.12 | 55% | 1,571.54 | -19% | (67.09) | 47% | 1,504.45 |
| **Wholly owned foreign subsidiaries (including step down subsidiaries):** | | | | | | | | |
| Hinduja Tech GmbH, Germany | 1% | 693.36 | 32% | 907.04 | 12% | 43.38 | 30% | 950.42 |
| Hinduja Tech Inc., USA | 1% | 799.52 | 0% | 0.93 | 18% | 61.87 | 2% | 62.80 |
| Hinduja Tech (Shanghai) Co., Ltd. China | 1% | 38.07 | 0% | (8.06) | 0% | (0.13) | 0% | (8.19) |
| Hinduja Tech Canada Inc. | 0% | (43.94) | -2% | (54.50) | 0% | 0.11 | -2% | (54.39) |
| Hinduja Tech UK Limited | 18% | 9,489.78 | -52% | (1,481.29) | 85% | 297.82 | -37% | (1,183.47) |
| Drive System Design Limited, UK | 35% | 19,079.26 | 56% | 1,581.42 | 4% | 14.29 | 50% | 1,595.71 |
| Drive System Design Inc, USA | 5% | 2,927.67 | 13% | 367.51 | 0% | (0.75) | 11% | 366.76 |
| Drive System Design SRO, Czech | 0% | 57.48 | 0% | (0.65) | 0% | 0.01 | 0% | (0.64) |
| **Joint venture:** | | | | | | | | |
| Zebeyond Limited, UK | 2% | 839.27 | -2% | (44.99) | 0% | - | -1% | (44.99) |
| **Total** | **100%** | **54,066.59** | **100%** | **2,838.95** | **100%** | **349.51** | **100%** | **3,188.46** |
| Inter-company eliminations and other adjustments | - | (33,791.23) | - | (1,073.34) | - | (9.11) | - | (1,082.45) |
| **Total for consolidated financial statements - March 31, 2023** | - | **20,275.32** | - | **1,765.61** | - | **340.40** | - | **2,106.01** |

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

### 3.08 Financial instruments

The carrying value of the group's assets and liabilities are equal to fair value.

#### a) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity and other long-term/short-term borrowings. The Group is required to comply with certain covenants under the arrangements executed for its borrowings, which were complied with.

The Group monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Group.

The quarterly returns or statements of current assets filed by the Group with Banks are in agreement with the books of accounts.

**Gearing ratio:**

| **Particulars** | **As at March 31, 2024** | **As at March 31, 2023 (Restated)** |
|---|---|---|
| Debt (long-term and short-term borrowings and lease liabilities) | 18,736.00 | 18,865.29 |
| Total equity | 23,146.16 | 20,424.10 |
| Debt to total equity ratio | 0.81 | 0.92 |
| **Categories of financial instruments:** | | |
| **Financial assets** | | |
| a. Measured at amortised cost: | | |
| Cash and bank balances | 10,219.06 | 15,859.42 |
| Trade receivables | 9,370.90 | 7,059.29 |
| Others | 407.76 | 376.05 |
| b. Measured at fair value through profit or loss (FVTPL): | | |
| Derivative instruments | - | 9.31 |
| **Financial liabilities** | | |
| a. Measured at amortised cost: | | |
| Borrowings | 15,754.88 | 15,591.62 |
| Trade payables | 1,421.67 | 1,156.06 |
| Lease liabilities | 591.12 | 883.67 |
| Others | 12,996.98 | 14,895.06 |
| b. Measured at fair value through profit or loss (FVTPL): | | |
| Derivative instruments | 0.58 | - |

Investments in joint ventures as at March 31, 2024 : ₹ 519.38 (March 31, 2023 : 839.27 ) are accounted as per equity method.

The derivative instruments are measured at fair value through profit or loss based on level 2 inputs of fair value hierarchy.

Discounted future cash flows which are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the Group / various counterparties.

#### b) Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations through internal risk analysis on degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by hedging the exposures. The use of hedging method is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk management and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### c) Market risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realizable fair values or future cash flows to the Group. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group actively manages its currency and interest rate exposures through a centralized treasury division and uses natural hedging positions supplemented by additional forward covers to mitigate the risks from such exposures.

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

## 3.08 Financial instruments (continued)

### d) Foreign currency risk management:

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group actively manages its currency rate exposures through a treasury division, uses natural hedging and derivative instruments (foreign currency forward contracts) to mitigate the risks from such exposures which are regularly monitored by appropriate levels of management.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

As on March 31, 2024 :

| Currency | Liabilities | | | Assets | | | Net overall exposure on the currency - net assets - (net liabilities) |
|---|---|---|---|---|---|---|---|
| | Gross exposure | Exposure hedged | Net liability exposure on the currency | Gross exposure | Exposure hedged | Net asset exposure on the currency | |
| USD | - | - | - | 300.69 | 284.92 | 15.77 | 15.77 |
| EUR | - | - | - | 16.97 | - | 16.97 | 16.97 |
| GBP | - | - | - | 1,756.80 | 309.46 | 1,447.34 | 1,447.34 |
| CAD | - | - | - | 209.08 | - | 209.08 | 209.08 |
| Others | - | - | - | - | - | - | - |

As on March 31, 2023 :

| Currency | Liabilities | | | Assets | | | Net overall exposure on the currency - net assets - (net liabilities) |
|---|---|---|---|---|---|---|---|
| | Gross exposure | Exposure hedged | Net liability exposure on the currency | Gross exposure | Exposure hedged | Net asset exposure on the currency | |
| USD | - | - | - | 195.74 | 193.01 | 2.73 | 2.73 |
| EUR | - | - | - | 20.18 | - | 20.18 | 20.18 |
| GBP | - | - | - | 344.24 | - | 344.24 | 344.24 |
| CAD | - | - | - | 207.04 | - | 207.04 | 207.04 |
| Others | 5.63 | | 5.63 | - | - | - | (5.63) |

Note: - Some of the derivatives reported under this column are not designated in hedging relationships but have been taken to economically hedge the foreign currency exposure.

**Foreign currency sensitivity analysis:**

Movement in the functional currencies of the various operations of the Group against major foreign currencies may impact the Group's revenues from its operations. Any weakening of the functional currency may impact the Group's cost of borrowings and consequently may increase the cost of financing the Group's capital expenditures.

The following table details the Group's sensitivity movement in the foreign currencies. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%. This 2% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financials instruments. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

| Currency | Equity | | Profit or Loss | |
|---|---|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 | Year ended March 31, 2024 | Year ended March 31, 2023 |
| USD impact | 0.32 | 0.05 | 0.32 | 0.05 |
| EUR impact | 0.34 | 0.40 | 0.34 | 0.40 |
| GBP impact | 28.95 | 6.88 | 28.95 | 6.88 |
| CAD impact | 4.18 | 4.14 | 4.18 | 4.14 |
| Others | - | (0.11) | - | (0.11) |

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

## 3.08 Financial instruments (continued)

**e) Derivatives and risk management:**

The following table details the foreign currency forward contracts outstanding at the end of the reporting period:

| March 31, 2024 | Foreign currency | | Notional value in ₹ | Fair value assets (liabilities) * in ₹ | Maturity date |
|---|---|---|---|---|---|
| Fair value hedges: | | | | | |
| Sell USD | USD | 3.50 | 291.92 | (1.18) | Jun-24 |
| Sell GBP | GBP | 2.95 | 309.46 | 0.61 | Jun-24 |

| March 31, 2023 | Foreign currency | | Notional value in ₹ | Fair value assets (liabilities) * in ₹ | Maturity date |
|---|---|---|---|---|---|
| Fair value hedges: | | | | | |
| Sell USD | USD | 6.00 | 493.02 | 9.31 | Jun-23 |

* Included in the balance sheet under other financial assets and other financial liabilities (Refer Notes 1.09 and 1.21)

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## 3.08 Financial instruments (continued)

### f) Interest rate risk management

The Group is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings

The exposure of companys borrowings to interest rate changes at the end of the reporting period are as follows:

| Particulars | As at March 31, 2024 | As at March 31, 2023 ) |
|---|---|---|
| Variable rate borrowings | 15,754.88 | 15,591.62 |
| Fixed rate borrowings | 2,390.00 | 2,390.00 |

**Interest rate sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended March 31, 2024 would decrease/increase by ₹ 39.39 Lakhs (March 31, 2023: decrease/increase by ₹ 38.98 Lakhs). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

### g) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas and other receivables consists of a large number of customers, across geographies, hence the Company is not exposed to concentration risk.

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivable based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjustment is determined to be NIL. The Group makes an allowance for doubtful debts on a case to case basis wherever applicable. Expected credit loss for other than trade receivables has been assessed and based on life-time expected credit loss, loss allowance provision has been made where applicable.

The credit risk on liquid funds and fixed deposits is limited because the counterparties are banks with high credit -ratings.

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables and other financial assets excluding equity investments.

### h) Offsetting related disclosures:

Offsetting of cash and cash equivalents to borrowings as per the working capital facility agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy. Hence these disclosures are not required.

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## 3.08 Financial instruments (continued)

### i) Liquidity risk management

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Group has obtained fund and non-fund based working capital lines from banks. The Group invests its surplus funds in bank fixed deposit and Inter Corporate Deposits which carry minimal mark to market risks. Where available, there are no restrictions on the amount of undrawn borrowing facilities that are available for operating and capital commitments as at March 31, 2024.

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Bank overdraft and other facilities | 3,500.00 | 3,500.00 |
| **Total** | **3,500.00** | **3,500.00** |

**Liquidity tables:**

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

| Particulars | Due in one year | Due in 2 to 5 years | Due after 5 years |
|---|---|---|---|
| **March 31, 2024** | | | |
| Trade payables | 1,421.67 | - | - |
| Preference shares classified as financial liabilities | 2,390.00 | - | - |
| Other financial liabilities | 7,486.40 | 3,120.58 | - |
| Borrowings (including interest accrued thereon upto the reporting date) | 787.74 | 11,028.41 | 3,938.72 |
| Lease Liability | 546.89 | 80.95 | - |
| **Total** | **12,632.70** | **14,229.94** | **3,938.72** |
| **March 31, 2023** | | | |
| Trade payables | 1,156.06 | - | - |
| Preference shares classified as financial liabilities | 2,390.00 | - | - |
| Other financial liabilities | 6,621.76 | 5,883.30 | - |
| Borrowings (including interest accrued thereon upto the reporting date) | 344.49 | 7,623.56 | 7,623.56 |
| Lease Liability | 522.96 | 449.86 | - |
| **Total** | **11,035.27** | **13,956.72** | **7,623.56** |

The maturity profile for its derivative financial liabilities based on the undiscounted contractual net cash inflows and outflows on derivative liabilities that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement is as follows: for foreign exchange forward contracts ₹ 601.38 lakhs (March 31,2023 : 493.02 lakhs ) to be settled within the next year.

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required): Management considers that the carrying all amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

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## 3.09 Segment Information

Ind AS 108 establishes the standards for the way that business enterprises report information about operating segments, which is based on the "management approach". Under "management approach", the 'Chief Operating Decision Maker' (CODM) considers and regularly reviews the segment operating results to assess the performance of the business segments and group as a whole. The Chief Executive Officer (CEO) is considered to be the 'Chief Operating Decision Maker' (CODM) as defined in Ind AS 108. The Operating Segment is the level at which discrete financial information is available. The CODM monitors the operating result of its business segment separately for the purpose of decision making about resource allocation and performance allocation and performance assessment. The group has Product engineering services and Digital technology services as its business segments.

**Profit or Loss**

| Particulars | Product engineering services | | Technology services | | Total | |
|---|---|---|---|---|---|---|
| | Year ended March 31, 2024 | Year ended March 31, 2023 (Restated) | Year ended March 31, 2024 | Year ended March 31, 2023 (Restated) | Year ended March 31, 2024 | Year ended March 31, 2023 (Restated) |
| Income from software services | 56,292.66 | 33,044.25 | 5,638.74 | 5,915.67 | 61,931.40 | 38,959.92 |
| Other operating income | - | - | - | - | - | 203.08 |
| Identifiable operating expenses | 40,210.82 | 26,963.00 | 4,282.39 | 4,270.59 | 44,493.21 | 31,233.59 |
| Segment result | 16,081.84 | 6,081.25 | 1,356.35 | 1,645.08 | 17,438.19 | 7,929.41 |
| Other income (Including share of loss from joint venture) | - | - | - | - | 417.06 | 560.06 |
| Unallocable expenses | - | - | - | - | 14,742.53 | 6,004.29 |
| Profit before tax | - | - | - | - | 3,112.72 | 2,485.18 |
| Tax Expense | - | - | - | - | 1,266.97 | 719.57 |
| **Profit after tax** | | | | | **1,845.76** | **1,765.61** |

**Assets and Liabilities**

| Particulars | Product engineering services | | Technology services | | Total | |
|---|---|---|---|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 (Restated) | As at March 31, 2024 | As at March 31, 2023 (Restated) | As at March 31, 2024 | As at March 31, 2023 (Restated) |
| **Assets:** | | | | | | |
| Receivables | 8,531.76 | 6,292.96 | 839.14 | 766.33 | 9,370.90 | 7,059.29 |
| Unbilled revenue | 3,430.46 | 2,395.50 | 562.34 | 461.00 | 3,992.80 | 2,856.50 |
| Unallocable assets* | - | - | - | - | 51,442.18 | 51,294.17 |
| **Total** | **11,962.22** | **8,688.45** | **1,401.48** | **1,227.33** | **64,805.88** | **61,209.96** |
| **Liabilities** | | | | | | |
| Unearned revenue | 6,370.61 | 4,217.70 | 28.72 | 14.20 | 6,399.33 | 4,231.90 |
| Unallocable liabilities | - | - | - | - | 35,260.39 | 36,702.74 |
| **Total** | **6,370.61** | **4,217.70** | **28.72** | **14.20** | **41,659.72** | **40,934.64** |
| **Capital employed** | - | - | - | - | 23,146.16 | 20,275.32 |

** Non-current asset includes ₹ 5,983.35 lakhs located outside India.*

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

## 3.10 Share based payments

**Details of employees stock option plan of the Group**

The Group has Employees Stock Options Plan (ESOP) scheme granted to employees which has been approved by the shareholders of the Group. In accordance with the terms of the plan, eligible employees may be granted options to purchase equity shares of the Parent Company of the Group. Each employee share option converts into one equity share of the Company on exercise at the exercise price as per the scheme. The options carry neither rights to dividend nor voting rights. These are graded vesting options which vests on varying dates within the expiry date mentioned below with an option life of 5 years after vesting. Options can be exercised at any time within 5 years from the expiry date.

The following share based payment arrangements were in existence during the current year:

| Option series | Number | Grant date | Expiry date | Exercise price |
|---|---|---|---|---|
| ESOP 1 | 7,058,500 | 19-Jul-18 | 18-Jul-21 | 10.00 |
| ESOP 2 | 70,000 | 15-Nov-18 | 14-Nov-21 | 10.00 |
| ESOP 3 | 255,000 | 12-Feb-19 | 11-Feb-22 | 10.00 |
| ESOP 4 | 350,000 | 29-Jul-19 | 28-Jul-22 | 10.00 |
| ESOP 5 | 190,000 | 6-Nov-19 | 5-Nov-22 | 10.00 |
| ESOP 6 | 100,000 | 6-Jan-20 | 19-Jul-23 | 10.00 |
| ESOP 7 | 195,000 | 23-Apr-21 | 19-Jul-23 | 12.00 |
| ESOP 8 | 446,750 | 16-Aug-21 | 19-Jul-23 | 12.00 |
| ESOP 9 | 6,246,000 | 30-Nov-22 | 30-Nov-26 | 11.97 |
| ESOP 10 | 1,800,000 | 22-Feb-23 | 30-Nov-26 | 20.75 |
| ESOP 11 | 1,300,000 | 1-Oct-23 | 27-Sep-27 | 24.12 |
| ESOP 12 | 2,080,000 | 4-Dec-23 | 30-Nov-27 | 24.20 |

**Fair value of stock options granted during the year**

There are 33,80,000 stock options issued during the financial year (the weighted average fair value of the stock options granted during FY-24 is ₹. 24.17). Options were priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on Management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is based on the historical share price of similar listed Companies.

**Movements in stock options during the year**

| Particulars | Year ended March 31, 2024 | | Year ended March 31, 2023 | |
|---|---|---|---|---|
| | Numbers | Weighted average exercise price (₹) | Numbers | Weighted average exercise price (₹) |
| Opening at the beginning of the year | 12,261,000 | 12.61 | 5,953,500 | 10.00 |
| Granted during the year | 3,380,000 | 24.17 | 8,046,000 | 13.99 |
| Exercised during the year | 1,738,750 | 10.05 | 1,451,000 | 10.05 |
| Lapsed during the year | - | - | 287,500 | 10.00 |
| **Balance at the end of the year** | 13,902,250 | 13.44 | 12,261,000 | 12.61 |

**Stock options vested but not exercised**

Number of stock options vested but not exercised: 45,92,300 (March 31,2023 : 37,43,276)

The share options outstanding at the end of the year had a weighted average exercise price of Rs.13.44 (as at March 31, 2023: Rs. 12.61) and a weighted average remaining contractual life of 5 years (as at March 31, 2023: 5 years).

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

## 3.11 Revenue from contracts with customers:

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| **(a) Disaggregated revenue information** | | |
| **Type of services** | | |
| Income from Engineering and IT services | 61,931.40 | 38,959.92 |
| **Total revenue from contract with customers** | **61,931.40** | **38,959.92** |
| India | 8,093.21 | 8,093.21 |
| Outside India | 53,838.19 | 30,866.71 |
| **Total revenue from contract with customers** | **61,931.40** | **38,959.92** |
| **(b) Contract balances** | | |
| Trade receivables | 9,370.90 | 7,059.29 |
| Contract assets (Refer note (c) below) | 3,992.80 | 2,856.50 |
| Contract liabilities | 6,399.33 | 4,231.90 |
| (c) Trade receivables are non-interest bearing and are generally on terms of credit period ranging from 30 to 90 days. Revenue recognised in excess of invoicing (referred to as unbilled revenue) are referred as contract assets whereas Invoicing is in excess of the revenue recognition (referred to as unearned revenue) is termed as contract liabilities. | | |
| **(d) Revenue recognised in relation to contract liabilities** | | |
| Amounts included in contract liabilities at the beginning of the year | 4,231.90 | |
| Performance obligations satisfied in the current year | 2,201.42 | 131.36 |
| Performance obligations unsatisfied or partially unsatisfied in the current year | 2,030.48 | (131.36) |
| **(e) Reconciliation of revenue recognised in the statement of profit and loss with the contracted price** | | |
| Revenue as per contracted price | 61,931.40 | 38,959.92 |
| ***Adjustments*** | | |
| Rebates and discounts | - | - |
| **Revenue from contract with customers** | **61,931.40** | **38,959.92** |

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

## 3.12 Leases

With effect from 01 April 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 01 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate (9.75% p.a) and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application.

**The following is the movement in right-of-use assets during the year ended March 31, 2024:**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Buildings** | | |
| Opening balance | 716.73 | 1,223.54 |
| Additions | 249.11 | - |
| Depreciation charge | (477.19) | (506.81) |
| **Closing Balance** | **488.65** | **716.73** |

**The following is the movement in lease liabilities during the year ended March 31,**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Opening balance | 883.67 | 1,425.23 |
| Additions | 249.11 | - |
| Finance costs accrued through the period | 79.41 | 115.48 |
| Payment of lease liabilities | (621.07) | (657.04) |
| **Closing Balance** | **591.12** | **883.67** |

**The following is the break-up of current and non-current lease liabilities as at March 31, 2024:**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Non-current | 77.19 | 424.46 |
| Current | 513.93 | 459.21 |
| **Total** | **591.12** | **883.67** |

**The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2024 on an undiscounted basis:**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Less than one year | 546.89 | 522.96 |
| One to five years | 80.95 | 449.86 |
| More than five years | - | - |
| **Total** | **627.84** | **972.82** |

**Amounts recognised in the statement of profit and loss:**

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Interest on lease liabilities | 79.42 | 115.48 |
| Depreciation expenses of Right of use assets | 477.19 | 506.81 |
| Expense relating to short term lease | 288.79 | 133.30 |
| | **845.40** | **755.59** |

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

## 3.13 Income taxes relating to continuing operations

**a) Current Tax**

The current tax expense is calculated as per the applicable tax laws in the respective geography, after considering admissible deductions / allowances.

**b) Deferred Tax**

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits.

**c) Income tax recognised in the statement of total comprehensive income**

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 (Restated) |
|---|---|---|
| Current tax | 1,220.67 | 826.90 |
| Deferred tax-net | 32.99 | (112.39) |
| Total income tax expense recognised in the current year | **1,253.66** | **714.51** |

**d) The income tax expense for the year can be reconciled to the accounting profit as follows:**

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 (Restated) |
|---|---|---|
| Total comprehensive income before tax (excluding loss from joint venture) | 3,460.56 | 2,530.17 |
| Income tax expense calculated at 25.17% | 871.02 | 636.84 |
| **Tax effect of adjustments to reconcile expected tax expense:** | | |
| Impact of lossess for which no defered tax asset is recognized | 383.09 | 372.84 |
| Expenses that are not deductible in determining taxable profit | 22.68 | 1.89 |
| Adjustment in respect of brought forward loss of previous years | - | 12.31 |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | (66.28) | (217.33) |
| Recognised in other comprehensive income | 13.30 | 5.06 |
| Prior period tax | 41.74 | - |
| Others | (11.89) | (12.15) |
| **Income tax expense recognised in profit or loss** | **1,253.66** | **714.51** |

The tax rate used for the reconciliations above is the corporate tax rate of 25.17% payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

**e) Deferred tax asset**

The following is the analysis of deferred tax assets/(liabilities) presented in the statement of financial position:

| Particulars | As at March 31, 2024 | Year ended March 31, 2023 (Restated) |
|---|---|---|
| Opening Balances | **474.02** | 437.09 |
| **Movement on account of** | | |
| Un-absorbed depreciation and carry forward losses | (63.30) | (51.91) |
| Provisions for employee benefit obligations | 82.34 | 86.90 |
| Property, plant and equipment and other intangible assets | 34.08 | 0.66 |
| Expected credit loss | (23.41) | 36.36 |
| Right Of Use Assets | 57.40 | 127.55 |
| Lease Liabilities | (73.63) | (136.30) |
| Other temporary differences | 52.19 | (32.69) |
| Exchange differences | 1.00 | 6.35 |
| Net deferred tax asset/ (liabilities) | **540.70** | **474.02** |

**f) Deferred tax liabilities**

| Particulars | As at March 31, 2024 | Year ended March 31, 2023 (Restated) |
|---|---|---|
| Opening Balances | **(2,450.03)** | - |
| **Movement on account of** | | |
| Business combinations, net | 254.11 | (2,041.96) |
| Other temporary differences | (367.47) | (409.27) |
| Exchange differences | (65.55) | 1.21 |
| | **(2,628.94)** | **(2,450.03)** |

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(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

### 3.14 Earnings per share (EPS):

| | March 31, 2024 | March 31, 2023 (Restated) |
|---|---|---|
| **Basic earnings per share (EPS) (₹)** | | |
| On profit for the year | 0.88 | 1.01 |
| On total comprehensive income for the year | 1.06 | 1.21 |
| **Diluted earnings per share (DEPS) (₹)** | | |
| On profit for the year | 0.87 | 1.01 |
| On total comprehensive income for the year | 1.05 | 1.20 |
| Face value of share | 10.00 | 10.00 |
| **EPS has been calculated as under:** | | |
| a) Profit after tax | 1,845.76 | 1,765.61 |
| b) Total comprehensive income for the year | 2,226.62 | 2,106.01 |
| c) Actual number of equity shares outstanding (No's) | 210,261,988 | 208,523,238 |
| d) Weighted average number of Equity shares outstanding (No's) for EPS | 209,151,078 | 174,346,424 |
| e) Effect of dilutive potential equity shares- employee stock options | 3,679,845 | 981,250 |
| f) Weighted average number of Equity shares outstanding (No's) for DEPS | 212,830,923 | 175,327,674 |

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## Hinduja Tech Limited

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

### 3.15 Net cash / (debt) reconciliation:

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| 1. Cash and bank balances | 10,219.06 | 15,859.42 |
| 2. Liquid investments | - | - |
| 3. Current borrowings | (787.74) | (344.49) |
| 4. Non -Current borrowings | (14,967.14) | (15,247.13) |
| 5. Preference shares | (2,390.00) | (2,390.00) |
| 6. Lease liabilities | (591.12) | (883.67) |
| **Net cash / (debt)** | **(8,516.94)** | **(3,005.87)** |

| Particulars | Other assets | Liabilities from financing activities | | | Total |
|---|---|---|---|---|---|
| | Cash and bank balances | Preference shares | Borrowings | Lease liabilities | |
| **Net cash / (debt) as at March 31, 2022** | 948.20 | (2,390.00) | - | (1,901.17) | **(3,342.97)** |
| Addition/deletion of lease liability (net) | - | - | - | - | - |
| Cash flows | 14,911.22 | - | (15,591.62) | 475.94 | (204.46) |
| Interest expense | - | - | (440.94) | (115.48) | (556.42) |
| Interest paid | - | - | 440.94 | 115.48 | 556.42 |
| **Net cash / (debt) as at March 31, 2023** | **15,859.42** | **(2,390.00)** | **(15,591.62)** | **(883.67)** | **(3,005.87)** |
| Addition/deletion of lease liability (net) | - | - | - | (249.11) | (249.11) |
| Cash flows | (5,640.36) | - | (344.49) | 541.66 | (5,443.19) |
| Net exchange differences | - | - | 181.23 | - | 181.23 |
| Interest expense | - | - | 1,439.09 | 79.41 | 1,518.50 |
| Interest paid | - | - | (1,439.09) | (79.41) | (1,518.50) |
| **Net cash / (debt) as at March 31, 2024** | **10,219.06** | **(2,390.00)** | **(15,754.88)** | **(591.12)** | **(8,516.94)** |

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## Hinduja Tech Limited

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024

(All amounts are in Lakhs of Indian Rupees, unless otherwise stated)

### 3.16 Key Financial Ratios

| Particulars | Formula used | As at March 31, 2024 | As at March 31, 2023 (Restated) | Variance | Reasons for Variance |
|---|---|---|---|---|---|
| Current Ratio | Current Assets / Current Liabilities | 1.43 | 1.64 | -13% | Increase in current Liabilities |
| Return on Equity Ratio | Profit after Tax / Avg. Total Equity | 0.09 | 0.12 | -30% | Increase in finance cost on borrowings |
| Trade Receivables Turnover Ratio | Revenue from Operations/ Average Receivables (including Un-Billed) | 5.32 | 5.11 | 4% | Increase in average receivables as % of revenue in FY 24. |
| Trade Payables Turnover Ratio | Cost of outsourced services and materials consumed/ Avg. Trade Payables | 4.37 | 4.51 | -3% | Increase in average payables as % of cost of services/goods outsourced in FY 24 |
| Net Capital Turover Ratio | Revenue from Operations/ Average working capital | 6.30 | 4.52 | 39% | Increase in revenue as % of Average working capital in FY 24. |
| Net Profit Ratio | Profit after Tax / Revenue from operations | 0.03 | 0.05 | -34% | Increase in finance cost on borrowings |
| Return on Capital Employed | Earnings before interest & taxes / Capital Employed | 0.12 | 0.07 | 72% | Increase in EBIT in FY 24 |
| Debt Equity Ratio | Total Debt / Total Equity | 0.81 | 0.93 | -13% | Increase in networth in FY 24 |
| Debt Service Coverage Ratio | Profit / (loss) after tax + Finance costs + Depreciation and amortisation expense/ Interest+lease payments+ Principle repayments | 3.26 | 3.51 | -7% | Repayment of borrowings / Reduction in utilisation of barrowing during the year |

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### 3.17 Business Combinations

**(i) Drive System Design Limited, UK and Drive System Design Inc**

- On November 30, 2022, the Parent Company through its wholly owned subsidiaries Hinduja Tech UK Limited (HTUK) and Hinduja Tech Inc, USA entered into a Share Purchase Agreement (SPA) to acquire 100% of the issued capital of Drive System Design Limited, UK (DSD-UK) along with its subsidiaries Drive System Design SRO, Czech and Drive System Design Inc, USA (DSD-USA) (collectively referred to as 'DSD Group') respectively for an upfront cash consideration of ₹ 21,844 lakhs (GBP 21.7 million) and earn-out payments based on future performance.
- Consequently the acquired entities became step-down subsidiaries of Hinduja Tech Limited, India effective from November 30, 2022 on satisfactory completion of the closing conditions under the SPA and has been consolidated with effect from that date.
- The DSD group provides advanced engineering solutions to automotive, commercial vehicle, off-highway, defence and aviation industries and specialises in developing solutions for electrified propulsion systems.

- The fair value of the purchase consideration is ₹ 30,878 lakhs, which comprises of an upfront consideration of ₹ 21,844 lakhs, contingent consideration of ₹ 9,034 lakhs subject to the satisfaction of certain conditions.
- The fair value of the contingent consideration, recognised on the acquisition date is determined by discounting the estimated amount payable to the previous owners on satisfaction of the conditions by applying the discounted cash flow approach. The key inputs used for the estimation of fair values are discount rate of 3.5% and probabilities of achievement of conditions (assumed to be 100%).
- As required by Ind-AS 103, Business Combinations, the Company has accounted for the assets and liabilities of the DSD Group at their respective fair values, including the intangibles and resultant goodwill arising from such acquisition.
- For the year ended March 31, 2023, the Group had accounted for the aforesaid acquisition based on provisional amounts as permitted by Paragraph 45 of Ind AS 103, which provides a measurement period of one year from the acquisition date, to complete the final acquisition accounting. During the current year, the Group has retrospectively adjusted the provisional amounts recognised at the acquisition date to reflect new information obtained during such measurement period, which ended on November 29, 2023, about facts and circumstances that existed as of the acquisition date, as permitted by Ind-AS 103. Accordingly, and as required by paragraph 49 of Ind AS 103, the Group has revised the information for comparative periods presented in the Statement of Consolidated Financial Statements, including necessary consequential adjustments required, as a result of the foregoing.

The difference between the provisional and final fair values representing measurement period adjustments in accordance with paragraph 45 of Ind AS 103 is given below:

₹ in Lakhs

| Particulars | Provisional Fair Values | Fair Value at Acquisition |
|---|---|---|
| Property, plant and equipment | 4,502.54 | 4,502.54 |
| Intangible assets | 8,944.99 | 9,321.00 |
| Other assets (net of liabilities) * | 2,321.67 | 197.89 |
| **Total** | **15,769.20** | **14,021.43** |
| Fair value of purchase consideration (including fair value of contingent consideration) | 30,878.00 | 30,878.00 |
| **Goodwill arising on acquisition** | **15,108.80** | **16,856.57** |

* Includes cash and cash equivalents acquired of ₹ 2,847 lakhs.

Since the date of acquisition, DSD Group has contributed ₹23,487 lakhs and ₹ 6,684 lakhs to the Group revenue from operations and ₹3,267.74 lakhs and ₹ 562.30 lakhs to the Group profit before taxation for the year ended March 31, 2024 and March 31, 2023 respectively.

During the year ended March 31, 2023, the Company incurred acquisition-related expenses totaling ₹1,247 lakhs. These expenses were included in the statement of profit and loss as follows:
- Insurance expenses: ₹216 lakhs
- Rates and taxes: ₹180 lakhs
- Professional charges: ₹851 lakhs

**(ii) Zebeyond Limited**

On December 21, 2022, Drive System Design Ltd, UK (DSD-UK) and Alvier Mechatronics AB (Alvier) formed a 50:50 joint venture, Zebeyond Ltd (JVco) in the form of a Private Limited Company. The Company was incorporated in England and Wales. DSD-UK contributed technology in the form of software, while Alvier contributed EUR 1 million for their respective stake in the JVco. The scope of the Joint venture is the development and commercialization of the software by way of granting user licenses to customers and delivering special bespoke customer projects. This 50:50 Joint venture partnership ensures equal ownership and shared responsibilities between DSD-UK and Alvier in driving the success of Zebeyond Ltd.

The Group accounts for its investment in JVco under the equity method, as per the guidelines outlined in Ind AS 28 - 'Investments in Associates and Joint Ventures.' The carrying value of the investment is adjusted to reflect the proportional share of the JVco's post-acquisition profits or losses.

### 3.18 Goodwill

| Particulars | As at March 31, 2024 | As at March 31, 2023 (Restated) |
|---|---|---|
| Balance at the beginning of the year | 16,856.57 | - |
| Additions on account of business combinations * | - | 16,856.57 |
| Net exchange differences | 439.36 | - |
| Balance at the end of the year | **17,295.93** | **16,856.57** |

There were no Indicators for Impairment of Goodwill for the year ended March 31, 2024 or March 31, 2023.
* Refer Note 3.17 for business combination related disclosures.

WALKER CHANDIOK & CO LLP * CHENNAI * CHARTERED ACCOUNTANTS *

### 3.19 Other disclosures

(i)The Group does not have any transactions with struck off companies under Companies Act, 2013 or Companies Act, 1956, during the year

(ii) No proceedings have been initiated on or are pending against the Group for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.

(iii) The Group has complied with the number of layers prescribed under the Companies Act, where applicable.

(iv) There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account, where applicable.

(v) The Group has not traded or invested in crypto currency or virtual currency during the current or previous year, where applicable.

(vi) The Parent Company is not declared as a willful defaulter by any bank or financial institution or government or any government authority.

(vii) Disclosure of Investments made through Intermediaries under rule 11(e) of the Companies (Audit and Auditors) Rules:
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 persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party's (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

During the year ended March 31, 2023, the Parent Company (Hinduja Tech Limited) had raised ₹ 8,800 lakhs from Hinduja Automotive Limited (Holding Company of Ashok Leyland Limited) by way of issue of equity share capital on 22 November 2022. This was further invested in Hinduja Tech UK Limited (wholly owned subsidiary incorporated during the previous financial year) as equity share capital by subscribing to 10,000 shares and 1,08,00,000 shares of GBP 1 each on 10 November 2022 and 06 March 2023 at GBP 108 lakhs. The funding was raised and the subsidiary was incorporated for the purpose of acquisition of Drive system Design Limited, UK (along with its wholly owned subsidiary Drive System Design SRO, Czech) and Drive System Design Inc, USA , for which Hinduja Tech UK Limited had paid GBP 217 lakhs (as upfront consideration) to the erstwhile shareholders of DSD UK and DSD US on 28 November 2022. The relevant provisions of the Foreign Exchange Management Act, 1999 and Companies Act, 2013 was complied with for such transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002.

| Name of the Company | Classification |
|---|---|
| Hinduja Automotive Limited | Funding party |
| Hinduja Tech Limited | Intermediary 1 |
| Hinduja Tech UK Limited | Intermediary 2 |
| Erstwhile shareholders of Drive System Design Group | Ultimate beneficiary |

(viii) Audit Trail: The Ministry of Corporate Affairs (MCA) has prescribed a new requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules, 2021 requiring companies, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

The Parent Company uses Microsoft Dynamics AX 2012 as the primary accounting software for maintenance of books of accounts and software IDEAL as the operation software for maintenance of customer records, employee timesheets records and invoices sales records. During the year ended 31 March 2024, the Parent Company had not enabled, the feature of recording audit trail (edit log) at the database level for the Microsoft Dynamics AX 2012 and IDEAL software to log any direct changes. However, the audit trail (edit log) at the application level for the Microsoft Dynamics AX 2012 accounting software was operating for all relevant transactions recorded in the software, whereas the audit trail (edit log) at the application level for the IDEAL were not operating for all the relevant transactions recorded in the software.

The software captures only the last change details in the user id, date and transaction details. The database level audit trail (edit logs) was also not enabled for this software.

Further, the Parent Company has also used accounting software which is operated by a third-party software service providers for maintaining its payroll records. The 'Independent Service Auditor's Assurance Report' ('Type 2 report' issued in accordance with SAE 3402, Assurance Reports on Controls at a Service Organisation) is not available for the year ending March 2024.

### 3.20 Events after the reporting period

On March 14, 2024 the Parent Company entered into Share Subscription Agreement (SSA) with M/s Gandaraditya Chola for subscription of 5,12,12,923 0.005% Compulsorily Convertible Preference Shares at par value of ₹ 76.55 per share and 10 equity shares of ₹ 10 each at a premium of ₹ 66.55 per share. The transaction was concluded on April 15, 2024. This transaction has consequently lead to a change in the Group's shareholding structure. No adjusting or other significant non-adjusting events have occurred between the reporting date and the report release date except as disclosed in this financial statements (Refer 3.01).

WALKER CHANDIOK & CO LLP
CHENNAI
CHARTERED ACCOUNTANTS

**3.21** Previous year figures have been regrouped / reclassified wherever necessary to correspond to current year's classification/disclosure.

In terms of our report attached

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

**Sumesh E S**
Partner
Membership No. 206931

WALKER CHANDIOK & CO. LLP
CHENNAI
CHARTERED ACCOUNTANTS

Chennai, May 20, 2024

For and on behalf of the Board of Directors of
**Hinduja Tech Limited**
CIN:U72400TN2009PLC072067

**Kumar Prabhas**
Chief Executive Officer

**Raghunath Parthasarathy**
Chief financial Officer

Chennai, May 20, 2024

**Dheeraj G Hinduja**
Chairman
DIN: 00133410

**Abhishek N S**
Company Secretary

Chennai, May 20, 2024