Happiest Minds Technologies Limited
(formerly known as Happiest Minds Technologies Pvt Ltd)
Regd. Office : #53/1-4, Hosur Main Road,
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CIN of the Co. L72900KA2011PLC057931
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www.happiestminds.com

June 11, 2021

Listing Compliance & Legal Regulatory
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001
Stock Code: 543227

Listing & Compliance
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra East, Mumbai 400 051
Stock Code: HAPPSTMNDS

Dear Sir/Madam,

Sub: Annual Report 2020-21

Pursuant to Regulation 34(1) with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith copy of our Annual Report 2020-21 along with the Notice of the 10th AGM of the shareholders of the Company which is being circulated to our shareholders by email .

The Annual Report and the AGM Notice is also being published on our website at https://www.happiestminds.com/investors/

This is for your information and records.

Thanking you,
Yours faithfully,
For **Happiest Minds Technologies Limited**

Praveen Kumar Darshankar
Company Secretary & Compliance Officer
Membership No. F6706

happiest minds

The Mindful IT Company

Born **Digital** . Born **Agile**

ANNUAL REPORT 2020-21

Welcome to our Annual Report 2020-21

Happiest Minds...

...Standing tall and graceful amidst winds of change

...Responding with agility

...Rising to the occasion

...Being mindful of the strength that exists within

...Enabling the happiness of our team, our customers, our investors and society

Here we are...resolute together...reaching our goals...one sunrise at a time

Get this report online at
www.happiestminds.com

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Corporate Information

BOARD OF DIRECTORS

Ashok Soota
Executive Chairman

Joseph Anantharaju
Executive Vice Chairman

Venkatraman Narayanan
Managing Director & CFO

Anita Ramachandran
Independent Director

Rajendra Kumar Srivastava
Independent Director

Shubha Rao Mayya
Independent Director

COMMITTEES OF THE BOARD

AUDIT

Shubha Rao Mayya - *Chairperson*
Anita Ramachandran - *Member*
Venkatraman Narayanan - *Member*

NOMINATION, REMUNERATION & BOARD GOVERNANCE

Rajendra Kumar Srivastava - *Chairperson*
Ashok Soota - *Member*
Anita Ramachandran - *Member*
Shubha Rao Mayya - *Member*

CORPORATE SOCIAL RESPONSIBILITY

Joseph Anantharaju - *Chairperson*
Ashok Soota - *Member*
Shubha Rao Mayya - *Member*

ADMINISTRATIVE AND STAKEHOLDERS RELATIONSHIP

Anita Ramachandran - *Chairperson*
Shubha Rao Mayya - *Member*
Venkatraman Narayanan - *Member*

RISK MANAGEMENT

Joseph Anantharaju - *Chairperson*
Anita Ramachandran - *Member*
Shubha Rao Mayya - *Member*
Venkatraman Narayanan - *Member*

STRATEGIC INITIATIVES

Rajendra Kumar Srivastava - *Chairperson*
Ashok Soota - *Member*
Anita Ramachandran - *Member*
Joseph Anantharaju - *Member*
Venkatraman Narayanan - *Member*

COUNSEL/LEGAL CONSULTANTS

Khaitan & Co
Uday Shankar Associates
Wilson Elser Moskowitz Edelman & Dicker LLP
Collyer Bristow LLP
Habbu & Park
Eastern Bridge
Kingston Smith LLP

STATUTORY AUDITORS

S.R. BATLIBOI & ASSOCIATES LLP

CONTACT DETAILS

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For queries on Results/ Management Meetings
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WEBSITE

https://www.happiestminds.com/

BANKERS

Kotak Mahindra Bank Ltd
RBL Bank Ltd
Federal Bank Ltd
ICICI Bank Ltd
HDFC Bank Ltd
Standard Chartered Bank
Bank of America
Citibank NA
JP Morgan Chase Bank NA

SUBSIDIARY

Happiest Minds Inc
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REGISTERED & CORPORATE OFFICE

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OFFICES

INDIA

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Sydney, NSW 2000
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UNITED ARAB EMIRATES

Dubai
Dubai Digital Park, DSO, A4 - 313,
Phone: +9714 5472539

Performance Highlights FY21

Delivering Sustainable Performance Across All Parameters

Total Income

₹79,765 Lacs

₹71,423 Lacs
in FY20

EBITDA

₹21,573 Lacs

₹11,312 Lacs
in FY20

Profit After Tax

₹16,246 Lacs

₹7,171 Lacs
in FY20

Return on Capital Employed

31.2%

28.9%
in FY20

Free Cashflows

₹21,476 Lacs
(99.6% of EBITDA for FY21)

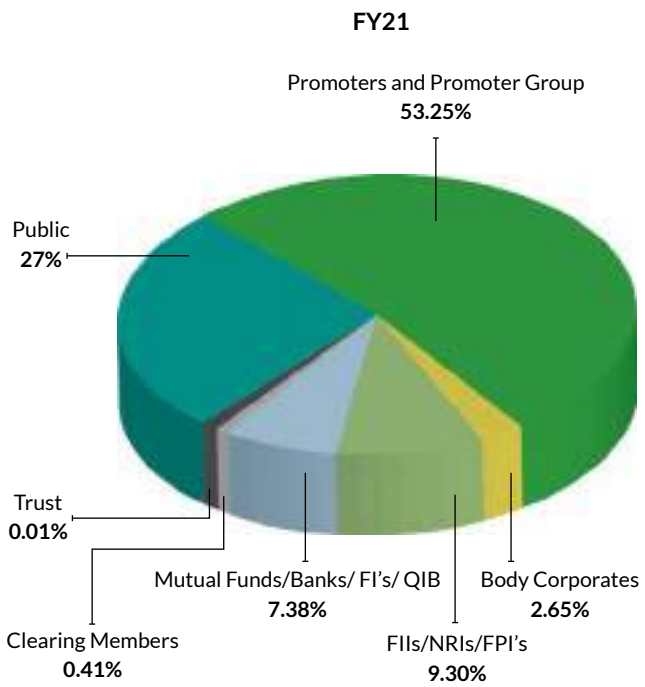
₹11,266 Lacs
in FY20
(99.6% of EBITDA for FY20)

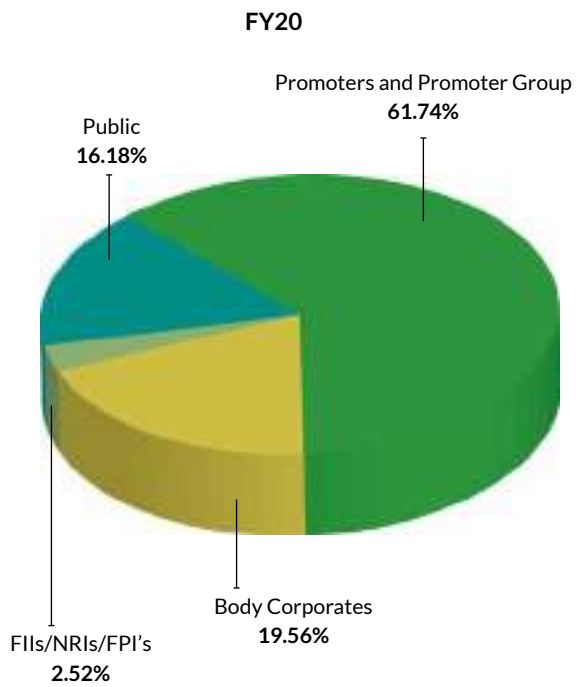
Maiden Dividend

150%

₹3 per equity share

Shareholding Pattern

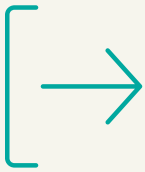




Utilization

79.5%
76.9%
in FY20

Attrition



12.4%
18.7%
in FY20

People Satisfaction Score
94%
91%
in FY20

Diversity

24.5%
24.0%
in FY20

Net Promoter Score

57
↑51
in FY20

Million Dollar Customers

26
25
in FY20

Average Annual Revenue / Active Customer

US$ 6,34,000
US$ 6,15,000 in FY20

Active Customers

173
157
in FY20

CSR Spend

₹75 Lacs
₹21 Lacs
in FY20

Akshaya Patra Meals

13,31,154
4,30,000
in FY20

Chairman's Letter

On August 29, 2021, Happiest Minds will complete ten years from the date of launch.

On August 29, 2021, Happiest Minds will complete ten years from the date of launch. The theme of my letter is therefore looking back at the last decade and looking ahead to the next.

However, before that, it is my painful duty to talk about the havoc being brought by the Coronavirus in our country. Most of the developed world has largely recovered and their economies are back to their pre-COVID levels. Sadly, in India we are reeling under the onslaught of the second wave which has found us ill-prepared.

The virus continues to mutate, and we must keep adapting. In the first wave, fatalities were largely among the elderly. In the current wave, young adults in the prime of their careers have lost their lives. We, at Happiest Minds have not been spared. During the fortnight preceding the date of this letter, we lost 5 of our fine young men with promising careers and 38 family members. The pervasiveness and infectiousness of the virus in the current wave can be gauged by the fact that 8% of our team tested positive as on 17th May, of whom 26% had to be hospitalized. We are hoping that no effort will be spared to increase the pace of vaccinations to stem any further resurgence of infections or a possible 3rd wave. When the pace of vaccinations should have been increasing exponentially, the vaccination rate has been declining every day, due to an extreme shortage of vaccines.

The low coverage of population vaccinated makes India more vulnerable to a potential third wave which, by the looks of it, will increasingly attack young children. The scary situation further increases the need for vaccine availability. The Central Government

will now procure vaccines and make them available to the States. Still, it is going to be months before volumes ramp up, backlogs cleared and younger population below 18 years can get a chance to be vaccinated. We can only pray India doesn't have to face a third wave in the next six months, as that is the minimum period needed to prepare for a new onslaught on the nation's health.

Looking back at the first decade

The highlight for Happiest Minds' first decade was our successful IPO, the first to be filed and completed during the lockdown and completely digitally executed. The record response by the shareholders in terms of oversubscription and appreciation of the share price on listing day placed a huge burden of responsibility on the leadership team and we are happy that we have been able to fulfill all our promises.

However, the IPO was only the culmination of all that we have done since inception. This includes the investment from year one to build the organization we aspired to become. The vibrant culture based on our SMILES Values, (Sharing, Mindful, Integrity, Learning, Excellence and Social responsibility) which won us industry leading ratings from Glassdoor® and innumerable recognitions from Great Place to Work® Institute (India). It was gratifying that in the last year we broke our own record levels, getting 4.3/5.0 in Glassdoor and 92% of our team said Happiest Minds is a great place to work.

Our lives have been dedicated to achieving the Happiest Minds Mission: Happiest People . Happiest Customers. We are grateful to our customers who have supported us from inception. Some of them have been with us from the first year and in one case a CTO who was also our very first customer, has been our customer thrice over, showing his faith in our delivery and leadership teams. The evidence of our dedication and customer response comes through in the NPS score from our customer satisfaction surveys. This year our customers gave us a record NPS score of 57.

Thought leadership is very important in the knowledge industry and we have focused on this from the very beginning. We proactively invested in new technologies which in turn matured into Centers of Excellence – Analytics (Big Data & AI), Internet of Things (IoT), Digital Process Automation (DPA). As disruptions happened in traditional technologies, we also developed skills like Software Defined Networking (SDN), DevOps etc. Along with these areas, we continue to invest in next-generation digital technologies like Blockchain, Robotics & Drones and Virtual/Augmented Reality. Many leading Industry analysts like Gartner®, Zinnov®, Forrester®, Everest®, IDC®, ISG®, HfS®, Avasant® and our technology partners recognized our innovation in these areas – few examples are:

- Recognized by Intel's Winner Circle Program as a Solution Plus Partner for contributing towards the acceleration of 5G and virtual network transformation

- Leading Product Engineering & Digital Transformation Analyst organization ranked and recognized us in multiple areas like ER&D Services, Product Engineering Internet of Things Engineering & Services, RPA etc.

Our lives have been dedicated to achieving the Happiest Minds Mission: 'Happiest People . Happiest Customers'. We are grateful to our customers who have supported us from inception.

- Leading global technology research and advisory firm recognized Happiest Minds case studies among top 25 Best Examples of Digital Transformation over multiple years

The gratifying output of these investments is that our IP-led services have been around 10% of the overall Company revenue.

Social responsibility and the desire to give back has been our commitment from the beginning. While we have contributed to multiple programs, the centerpiece for us has been contributing to the mid-day meal program through Akshaya Patra Foundation. We call our landmarks as Smilestones and we contribute meals in the names of our customers and teammates. We set ourselves a goal of 2 million meals by the time of our IPO and were happy to achieve this. During the current year, we have diverted our entire CSR budget to COVID and related relief measures. As schools have been closed, a fair percent of the amount has gone into food packs of rations, each of which is enough for a family of four to survive for a month. We have also contributed to Sri Jayadeva Institute of Cardiovascular Sciences and Research to help set up a molecular lab and ICU beds at the Bengaluru facility.

We set ourselves a goal of 2 million meals by the time of our IPO and were happy to achieve this.

From the very beginning, we organized ourselves into three business units (BU): Product Engineering Services (PES), Digital Business Services (DBS) and Infrastructure Management & Security Services (IMSS). This structure has not changed over the last decade. However, during the last year, we made a subtle and important change. Different verticals were assigned to PES and DBS respectively. Care was taken to ensure that the BU's had access to similar market size, and each had a few high growths, high potential industries. Consequently, both PES and DBS now offer end-to-end solutions in their respective verticals. IMSS continues to be a horizontal business cutting across all industries. Sometimes it is a door opener for the other two BU's and often the recipient of downstream business after solution implementation by either PES or DBS. For most of the first seven years of Happiest Minds, our PES business has been the bedrock of Happiest Minds' performance. During the last three years both DBS and IMSS have improved their performance substantially. Three engines of growth and profitability led to our outstanding financial results for FY21, where our EBITDA and profit margins were comparable with the largest players in the industry and in some cases, even better. Of course, all this would not have been possible without the contribution of our three Centers of Excellence, our field sales organizations, our Delivery organizations and every support function and person within Happiest Minds.

Looking ahead to our second decade

During the first ten years, we set our goals through two five-year cycles of our Vision statements. These were socialized with our teams before announcement. They included soft and hard goals, but each had well-defined measurement criteria.

Frequent reviews in All Happiest Minds Meets (AHMM) ensured the Vision was always a truly shared VISION with everyone aligned and committed to the same.

This time we felt that with so much change in the world, we should look ahead for a longer period. Even as we speak, we are socializing the VISION for 2021-2031 with our teams. We have already received valuable inputs, including from our Board of

Directors. The new independent members on the Board (Anita Ramachandran, Shubha Rao Mayya and Rajendra Kumar Srivastava) have tremendous experience, which gives them foresight. Their contributions also gave us additional insights and I must express my gratitude to them. We plan to announce the Happiest Minds Vision for the next decade before our anniversary date of August 29. In the next year's letter, I hope to share some of the highlights and features of the 2021 – 2031 VISION with you.

The US Supreme Court in 1819 declared that "a Corporation is an immortal being". Unfortunately, most organizations survive less than half the lifetime of an average human being and the period of longevity for corporations is becoming shorter and shorter. This is partly due to faster changes in the business environment, industries becoming obsolete due to new technologies etc. However, a key component is also an appropriate succession planning approach. I have always had in place a plan for my succession in the event of an exigency to me, in every company I have led. During the IPO process, we exposed the contours of the succession plan to our potential investors. The fulcrum of our succession planning is our Executive Board ('EB'), comprising our three BU Heads and the CFO. EB members work individually and collectively as the CEO of the Company. Our EB was created in December 2017. The improvement in our financial results from that date has been dramatic and contributed significantly to our successful IPO. Equally important, the EB has provided us organizational continuity and stability. Collaboration has improved and also the quality of decision-making. Very few issues come to me for resolution and this contributes to organizational agility. Concurrent with our IPO, we have added two new roles, Joseph Anantharaju as Executive Vice Chairman, and Venkatraman Narayanan as Managing Director & CFO. Both continue to be on the EB. In their new roles, one of their key responsibilities is to lead our M&A initiative. This will have to be an important part of our future plans as Happiest Minds seeks to become a much larger company. Creating a company "designed for perpetuity" will require much more than just this, including ownership structure. This framework will also be part of our Vision 2021-2031. All I can say at this point is that there will be enormous change. The Happiest Minds of 2031 will be very, very different from the Company of 2021 and we expect that articulating the Vision will help us prepare for the change, which will surely arrive.

The Happiest Minds of 2031 will be very, very different from the Company of 2021 and we expect that articulating the Vision will help us prepare for the change, which will surely arrive.

Before I end, I need to bring myself back to the present moment. As an industry, we are fortunate that business has been able to continue on a work-from-home basis without interruptions to project delivery for our customers. Since our major markets of US and Europe have recovered, demand is strong, and we look forward to achieving our goal of 20% organic growth. We expect to sustain profitability, though Profits After Taxes will bear the impact of higher taxes on account of us becoming a full-tax paying Company having exhausted all benefits of tax deductible 'brought forward business losses' from earlier years.

In conclusion, I would like to conclude by expressing my gratitude to our customers and partners for their steady support and to our outstanding team whose tireless efforts have brought us thus far. Also, many thanks to our Board of Directors and other stakeholders.

Ashok Soota
Executive Chairman

Executive Board's Letter

Dear Stakeholder:

This letter comes to you in the background of a year and period which has seen significant changes in your Company, business, and the overall environment.

Since the beginning of the pandemic, one of the key focus areas for the Executive Board was to drive sustainable operations with minimal disruption. Our mission of 'Happiest People . Happiest Customers' ensured that we balanced both these constituencies. We transitioned to a remote working environment smoothly, successfully and effectively, by ensuring superior quality of delivery with no disruption to customer projects and commitments. We constantly monitored potential impact and proactively increased the bandwidth of our teams, especially where we saw risk because of COVID exigencies.

During the pandemic, your Company provided logistic, financial, and emotional support to Happiest Minds and their families. The MITHRA Team, your Company's Good Samaritan Program for emotional wellbeing reached out to more than 1,000 Happiest Minds during the year. Your Company runs the Internal First Responder program for people who are directly or indirectly impacted by the pandemic, a COVID-19 Microsite to publish useful information, and has developed an in-house Vaccination Tracking System. These initiatives have tremendously helped our Happiest Minds to cope with and adapt to uncertainties related to the pandemic. The Executive Board conveys its deep appreciation to our Happiest Minds who did everything possible to support each other as a family in these adverse times. To summarize, in spite of disruptions in the environment, the fact that we as a team rallied together has been the story of the year.

The pandemic has not only caused significant damage in terms of life and livelihood; it has also taken its toll on your Company. We lost young and bright Happiest Minds and family members and many went through a cycle of infection and prolonged recovery. Our condolences to the near and dear of those who lost their battle with the virus.

As you may recall from our letter of the earlier year, we had filed our draft Red Herring prospectus for a possible Initial Public Offering (IPO) in June of 2020. All work on the document, financial statement and many other activities associated with the IPO and taking the Company public were done by Happiest Minds and our partners, working remotely across many locations. The filing was followed by multiple Investor presentations, roadshows, with the issue finally opening for subscription on September 7 and closing on September 9.

Your Company's issue saw an overwhelming response from Institutional, High Net-worth and Retail investors and the issue was oversubscribed 151 times. Equity shares of Happiest Minds listed on the BSE and NSE on September 17 and opening at a high of ₹ 351 per share versus an issue price of ₹ 166. Reportedly, your Company's IPO was one the best in the decade and seen by many as that which opened the floodgates to many others waiting hesitantly to venture into the public market, given the pandemic situation. Your Company's successful IPO was a culmination of our vision of establishing a successful business, with Happiest People and Happiest Customers, with highest levels of corporate governance, in line with our strong value systems while returning good returns to our stakeholders. We now look forward to the decade ahead of us with new goals and challenges which will be articulated in our Vision 2021-2031.

The Executive Board conveys its deep appreciation to our Happiest Minds who did everything possible to support each other as a family in these adverse times.

Coming to our people, business, and financial results, our industry saw disruptions in the first and the second quarter. Our muted revenue growth in the early quarters is testimony to this. Taken aback by the pandemic, our customers paused and took a cautious approach toward technology spends. However, as they say, you cannot keep a good thing capped for too long. The demand for digital technology solutions came back strongly from the third quarter and as we write this letter, demand - both pent up and new - are at new highs. The challenges are around hiring and retaining our talent.

We are seeing increased demand for delivering solutions around Cloud Infrastructure, real-time Business Intelligence using Analytics, IoT, AI / ML, Automation, Remote Collaboration, eCommerce, Security Services, Robotics, Blockchain, Customer / User Experience, Augmented Reality (AR), Virtual Reality (VR) across our chosen verticals. Just as much as the idea of 'Offshoring' needs no further selling, enterprises now do not need convincing on the need to adopt and adapt to digital and agile technologies to stay relevant in a competitive environment.

We believe enterprises in a post pandemic world will align themselves along three technology themes:

1. **People Centricity –** People will be at the center of all businesses which involves capturing human behavior (aka Internet of Behavior) globally through technologies like IoT & wearable devices to garner sophisticated data and make informed decisions. This will entail a shift from multi-experience to a total experience strategy that links people and customers in a connected ecosystem. Connected experience will be crafted by context, data, design, innovation, technology, and behavior.

2. **Location Independence –** The pandemic may have shut international borders and hampered physical movement of people. However, the technology ecosystem pivoted itself to a location independence model which blurred the computing boundaries for teams, customers, suppliers, and organizational ecosystems. Location Independence will be achieved through:

   - **Distributed Cloud Infrastructure –** Single Cloud providers are making their cloud services available at different physical locations while managing operations, governance, updates, and evolution by themselves. This has enabled computer storage, networking, and processing closer to the end user resulting in network scalability, low latency, and compliance with local data regulations.

   - **Anywhere Operations –** The pandemic caused accelerated adoption of many technology innovations such as Hybrid Cloud, EDGE Computing, and Automated Digital Operations. The Anywhere Operations lays down the infrastructure to support teams and customers everywhere.

   - **Cybersecurity Mesh –** The shift to a distributed cloud and anywhere operations is making a strong case for ring fencing security around data privacy and safety. This is enforced through a cybersecurity mesh which shifts the security requirements from a single security parameter to multiple nodes of computing.

3. **Resilient Delivery –** Enterprises having seen and experienced an unprecedented event like the COVID-19 pandemic are now recalibrating themselves to exist and prosper in a world of continued uncertainty. This shift requires businesses to build resilient infrastructure with the use of:

   - **Intelligent Composable Business Model –** This is a composable enterprise application (architecture) building strategy to define the organization's packaged business capability (PBCs) which necessitates developing business applications that are modular, composable, easily adapted and ready for change.

   - **AI Engineering –** The use of Artificial Intelligence (AI) is only set to increase to find solutions for business problems across any industry. The advent of novel software development life cycles like – DataOps, ModelOps, and DevOps has helped deploy AI at scale to modular and complex business problems alike. The new world will see AI adoption with much more focus on trust, transparency, ethics,

Your Company's issue saw an overwhelming response from Institutional, High Net-worth and Retail investors and the issue was oversubscribed 151 times.

risk mitigation, fairness, safety, and compliance.

- **Hyper Automation** – This deal with the application of advanced technologies, including Artificial Intelligence (AI) and Machine Learning (ML), to increasingly automate processes and augment human capability. Hyper automation takes an integrated approach to rapidly identify, vet, and automate business and IT processes to enable an organization become an intelligent enterprise.

Your Company with 97% of revenues from Digital and 94% through Agile engagements has been deeply ingrained in its client's digital adoption, transformation, and initiatives. The pandemic accelerated the pace of these engagements, and your Company was trusted by enterprises across the spectrum with their most critical digital initiatives. It is heartening to see that we were able to successfully deliver these projects with superior customer satisfaction reflecting in improvement of Net Promoter Score (NPS) to 57 from 51 in the previous fiscal.

Your Company's financial results for FY21 have been gratifying. Operating revenues for the year in US$ was $104.6 Mn showing a growth of 6.3% over the previous year. Total Income for the year was ₹ 798 crores showing an above industry growth of 11.7%. Since FY18, your Company has delivered a Compounded Annual Growth Rate (CAGR) in revenues of 18%. Our revenue growth was broad-based, and all three Business Units (BU) have shown growth, profitability, driven by demand and growth across all our geographies and our chosen verticals.

Product Engineering Services led the growth by registering a 7.9% growth, followed by Digital Business Services and Infrastructure Management & Security Services at 6.4% and 2.7% respectively. The three BU structure which covers the full gamut of an enterprise's digital journey was adopted and has been in place at the Company from inception. This was to address appropriate demand generators and touch points within our prospects and customers. During the year, the Product Engineering Services and Digital Business Services have started aligning themselves by verticals. The Infrastructure Management & Security Services is evolving to be a horizontal, rendering services across the spectrum. To enhance our positioning, we will strengthen our focus on building consulting capabilities and adding depth to our domains. Your Company's three Centers of Excellence (CoE) – Analytics / Artificial Intelligence (AI), Internet of Things (IoT) and Digital Process Automation (DPA) have been providing strong support to the three BUs with their ideation, co-creation, and consulting engagements. During the year, your Company added nine new billion-dollar corporations as customers and three customers in its US$5 Mn – US$10 Mn group. This is a clear reflection of our focus and ability of adding new logos while expanding our existing relationships. Your Company ended the year with 3,228 (Addition of 562 during the fiscal) Happiest Minds across seven geographies. During the year, we significantly ramped up our presence in Europe and Middle East.

On PAT, we closed the year with ₹ 162.4 crores, a growth of 127% over the previous fiscal. Our Return on Capital Employed (RoCE) was 31%; Return on Equity (RoE), 30%; Free Cash flows for the year was strong at ₹ 215 crores which is 99% of EBIDTA. The Board of Directors, based on your Company's good performance, strong cash generation, and a review of capital allocation strategy has recommended a maiden dividend of ₹ 3/- per share subject to approval of shareholders.

Total Income for the year was ₹ 798 crores showing an above industry growth of 11.7%.

On gender diversity, we ended the fiscal with 24.5% of workforce being women which is a marginal increase from last year. We will continue to focus on improving this ratio in the coming fiscal. Our people engagement practices have led to great scores under both Great Place to Work® (GPTW) and Glassdoor. 92% under a GPTW survey say Happiest Minds is a great place to work. Your Company's Glassdoor rating has improved to 4.3 from 4.2 in the previous period. This has also resulted in a significant drop in our attrition ratios to 12.4% in the fiscal compared to 18.7% in the prior period. Your Company's learning and development program

provides a holistic framework for Happiest Minds to discover, strengthen and adapt to an ever-dynamic technology landscape by providing various learning opportunities. During the year, on an average every Happiest Mind spent 30 hours on learning. We also had 66% of Happiest Minds covered as part of various upskilling/multiskilling initiatives. We have highlighted in detail our various learning and development initiatives in the ESG section.

In the fiscal, we completed acquisition of Pimcore Global Services (PGS). The PGS acquisition complements your Company's overall Digital Commerce strategy and has made Happiest Minds the largest Pimcore services provider in the world with deep expertise in providing consulting and implementation services to our customers. We have successfully completed the integration activities and seeing early success with cross selling our offerings to some of the PGS customers. We will continue to look at inorganic growth opportunities in strategic areas which can help us scale up faster, take us to a new geo or enhance the length and breadth of our offerings.

This August as we complete a decade of existence as a company, we would like to thank all the stakeholders for their support and encouragement. As we embark on the next phase of growth, we hope to take the learnings from the past decade and build a more resilient enterprise in the years to come.

Thank You.

The Executive Board

Joseph Anantharaju, Rajiv Shah, Ram Mohan C, Venkatraman Narayanan

During the year, your Company added nine new billion-dollar corporations as customers and three customers in its US$5 Mn – US$10 Mn group.

Joseph Anantharaju

Rajiv Shah

Ram Mohan C

Venkatraman Narayanan

Happiest Minds:
Digitally Driven Mindful Company

97%
Digital

94%
Agile

173
Active clients (Billion $ Corporations - 46)

3,228
Happiest Minds across 7 countries

Promoted by Ashok Soota, Happiest Minds is a next-generation digital transformation, infrastructure, security and product engineering services company. Our ability to provide end-to-end futuristic and transformative digital solutions that fulfills our customers' immediate business requirements as well as become more engaging, responsive and efficient in their interaction with users and clients, makes us a preferred partner. Our client profile of 46 Fortune 2000 / Forbes 200 / Billion $ clients and a 87% repeat business manifests this.

We are cross-skilling and upskilling our people, acquiring new assets and partnering subcontractors to continuously build on our competencies and stay ahead of the curve.

Our Mission

Happiest People . Happiest Customers

Great Place to Work

- Top 50 India's Best Workplaces for Women
- Top 100 India's Best Workplaces

4.3

Rating on Glassdoor (#2 for Indian IT Services)

IPO

- 100% Digitally Executed IPO
- 151 times oversubscribed

Our 5-year Vision: foreSIGHT

Vision 1

Be the Happiness Evangelists for each other, our Customers and Society

Vision 2

Achieve a very successful IPO

Vision 3

Be known as the company with highest standards of Corporate Governance

Vision 4

Be recognized for Thought Leadership in our focused areas of technology and solutions

Vision 5

Be a leader in Social Responsibility initiatives

Our Values: SMILES

Industries We Serve

Edutech

Hitech

Banking and Financial Services (BFSI)

Travel, Media & Entertainment (TME)

Retail

Industrial

Manufacturing

Our Offerings

Digital Business Services (DBS)

Enabling companies redefine their strategy around the customer journey through unique, design thinking-led approach and disruptive digital technologies

Offerings

- Digital application development / modernization
- Solution accelerators
- Automation and IoT
- Digital roadmap, mindful design thinking, and cloud migration
- Digital content monetization platform
- Knowledge BOT and advisory sales

Product Engineering Services (PES)

Conceptualizing digital-ready, next-generation products and platforms across software and hardware

Offerings

- Enterprise Platforms: EduTech and Universities, Insurance Tech, Legal tech
- Consumer Solutions: e-Commerce, HealthTech, Smart Living
- Data Center Technologies: Software Defined Networking, Network Function Virtualization, SD-WAN
- Industrial: Industrial Hardware, Control

Infrastructure Management & Security Services (IMSS)

Helping organizations improve agility, flexibility, security, and interoperability of infrastructure for next-gen digital transformation

Infrastructure Lifecycle Services

- DC and hybrid cloud services
- Workspace services
- Service automation
- Database and middleware services
- SD network services

Security Offerings

- Cyber and infrastructure security
- Governance, risk and compliance
- Data privacy and security
- Identity and access management
- Threat and vulnerability management

Driven by a Unique Vision

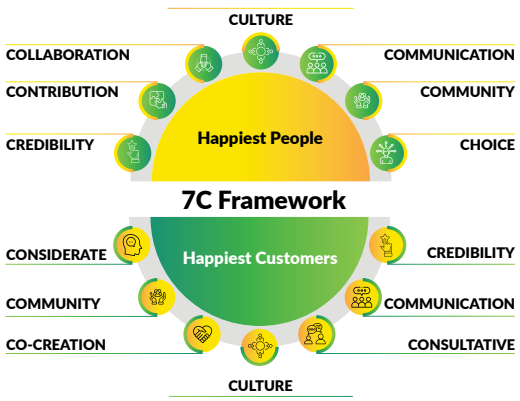
The happiness and prosperity of all stakeholders is the key to success. At Happiest Minds, we have institutionalized this simple thought into our mindful approach which enables our success and drives us towards excellence.

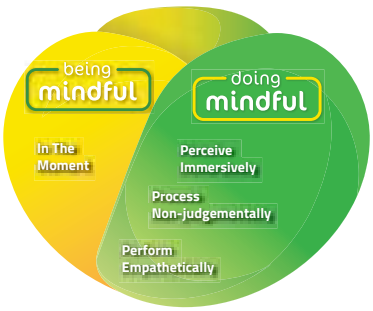
Our mindful approach of doing business is focused on enabling the happiness of our people which leads to happiest customers. Our systems, policies and practices are designed to foster an open, mindful culture, which helps people to discover their potential and participate in shaping their own work experience. This is supported by predictive factors that we have identified to enable happiness – fairness, transparency and joy in the workplace at an organizational level and wellness, enriched personal life and giving back to society at an individual level.

We seek to inculcate a diverse and inclusive organizational culture with mindfulness and gratitude, held together by our SMILES values (Sharing, Mindful, Integrity, Learning, Excellence and Social Responsibility). We also emphasize sustained social engagement in our wider communities. We promote Happiness Evangelism as a business imperative where every team member is a happiness evangelist to one another, to customers and society.

This approach has enabled us to attract, train and retain talented IT professionals who create a differentiation in delivering value proposition to our customers. These experienced professionals and our ability to deliver custom solutions have led to a culture of software engineering excellence.

Happiest People . Happiest Customers





Happiest Minds is the First Indian IT firm to be
'The Mindful IT Company'

The Mindful IT Company

Happiest Minds is the first Indian IT firm to be 'The Mindful IT Company'.

We have adopted '**The Mindful IT Company**' as a tagline in our logo. This is a logical extension of our happiness brand positioning and is indicative of our endeavor to being and doing mindful in our approach to our people, our customers and the community. Mindfulness is a worldwide movement and Happiest Minds is proud to be the first Indian IT company to consciously embrace this philosophy. Most of our people have undergone mindfulness training and post training surveys show that two in three Happiest Minds have improved productivity.

Leading Ahead with 'Born **Digital** . Born **Agile**'

In a changing world where technologies are evolving at a rapid pace, even large companies face the risk of losing their competitive edge. At Happiest Minds, we are helping our customers win by delivering the right solutions to them rapidly.

At Happiest Minds, we have adopted the 'Born **Digital** . Born **Agile**' approach focused on delivering seamless digital experience and solutions to our customers with end-to-end capabilities spanning the digital lifecycle. It is enabling us to fulfill their business requirements and provide them strategically viable, futuristic and transformative digital solutions.

This is supported by our agile framework which enables scaling right from ideation to production in the shortest time. This is enabled by our team's extensive software engineering capabilities and their ability to choose the best-suited methods, technologies and tools. Our proprietary suite of internal applications and tools further facilitate in managing delivery processes and in providing solutions using optimal software product development methodologies.

Over the years, we have also refined our software product development through engaging various global Independent Software Vendors (ISVs). Their software products have a high level of product configurability and operational performance to address the needs of diverse end-users across industries and operating in diverse environments.

All logos are the property of their respective owners.

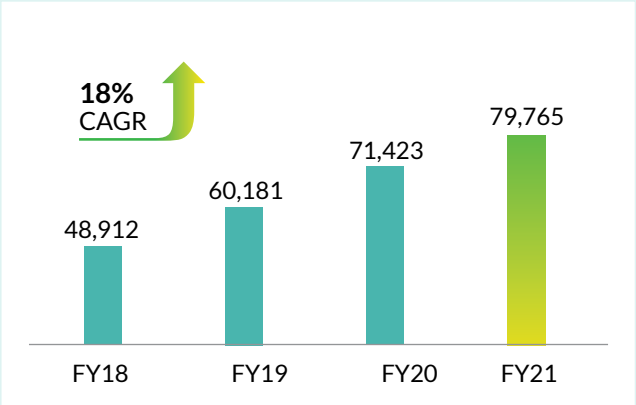
96.8%
FY21 revenues from Digital IT Services

93.9%
FY21 revenues delivered through Agility

Delivering Solid, Sustainable Performance

Total Income

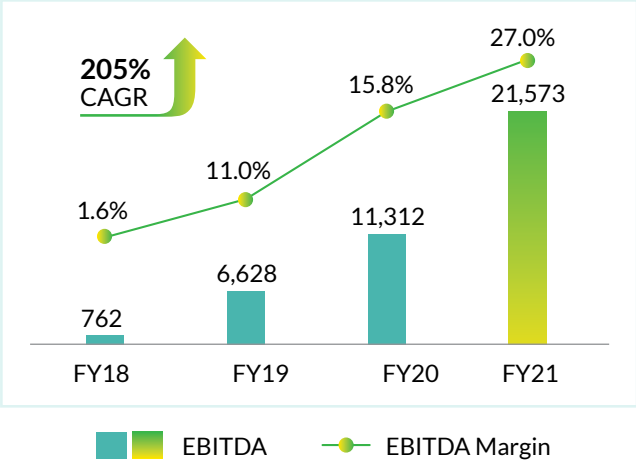
(₹ Lacs)



FY21: Top line increased 11.7% YoY led by strong performance across every business unit, geography and center of excellence. The average annual revenue per customer increased to US$634,000 from US$615,000 and the count of billion dollar corporations as customers increased to 46 from 37 in the previous year.

EBITDA

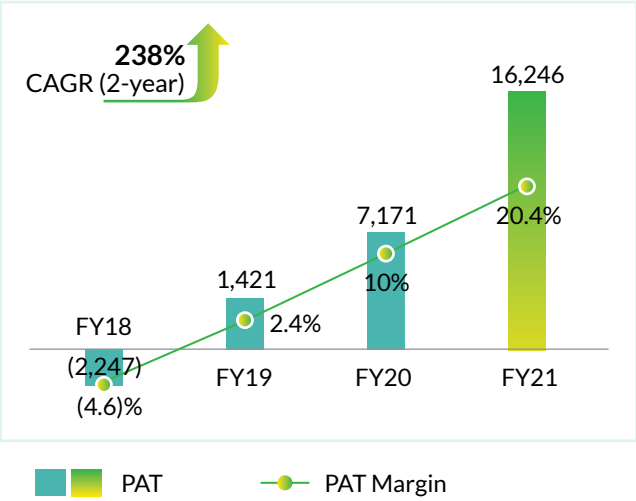
(₹ Lacs)



FY21: EBITDA margins expanded by 1,120 basis points led by revenue growth, improved utilization, realization and lower attrition of Happiest Minds. Lower overheads on the growing scale and pandemic related savings i.e. reduced rentals due to work-from-home, reduced travel and visa cost and other administrative cost also contributed to improved operational performance.

Profit After Tax (PAT)

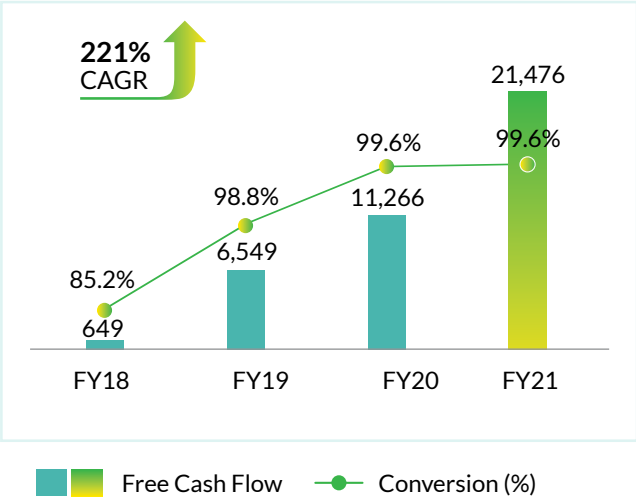
(₹ Lacs)



FY21: PAT increased by 126% for the year. The Effective Tax Rate (ETR) is at 12.7%.

Free Cash Flow to EBITDA

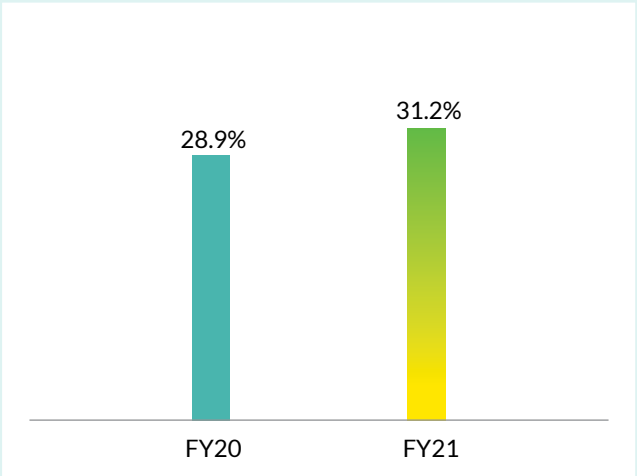
(₹ Lacs)



FY21: Strong and consistent Free Cash Flow generation at close to 100% of EBITDA.

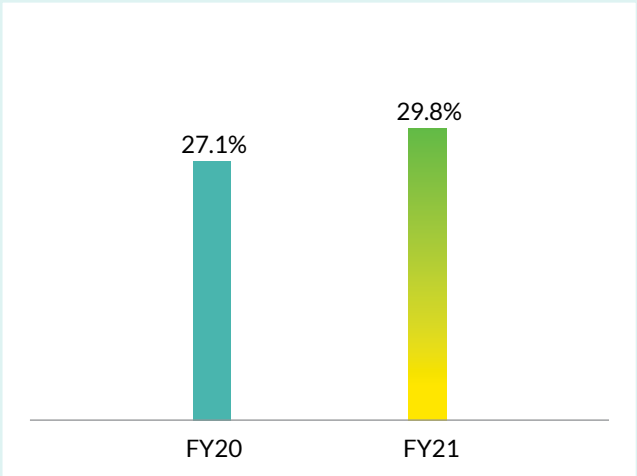
Return on Capital Employed

(%)



Return on Equity

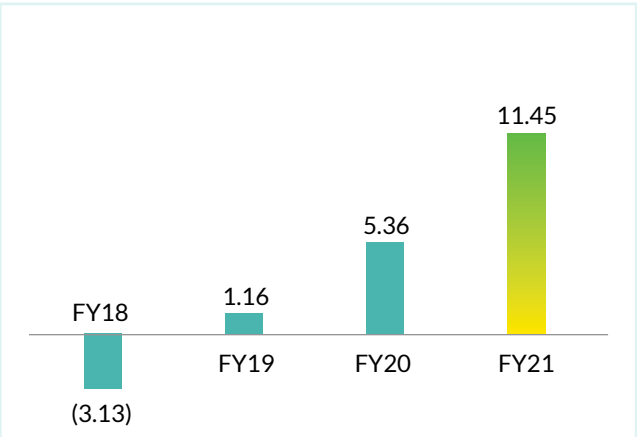
(%)



Industry leading returns on capital

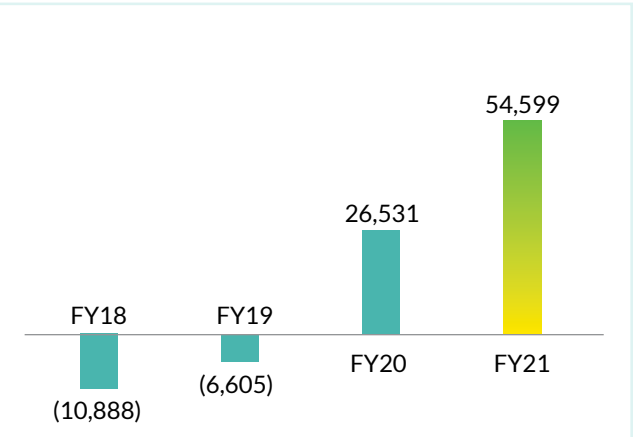
Earnings Per Share (Diluted)

(₹)



Net Worth

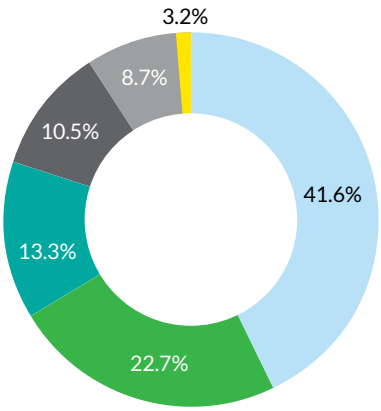
(₹ Lacs)



Building a Scalable Business Model

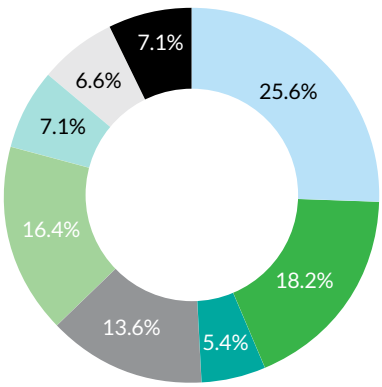
Diversified Revenues Across Verticals, Technologies, Customers and Geography

Digital Revenue



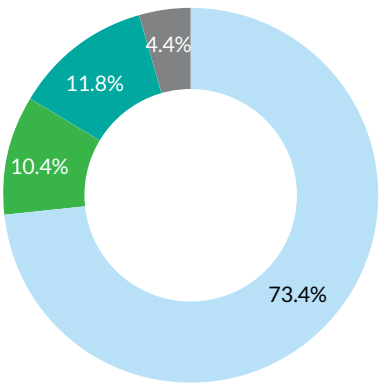
Digital Infra / Cloud
SaaS
Analytics / AI
IoT
Security
Others

Vertical



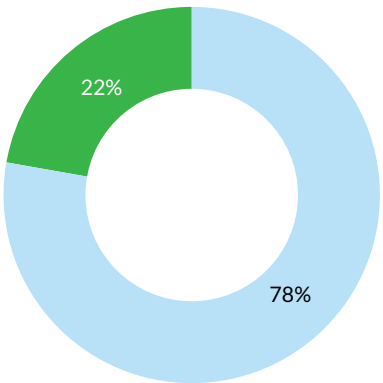
Edutech
Hitech
Retail / CPG
Travel, Media and Entertainment
Banking and Financial Services
Industrial
Manufacturing
Others

Geography



Americas
Europe
India
Rest of World

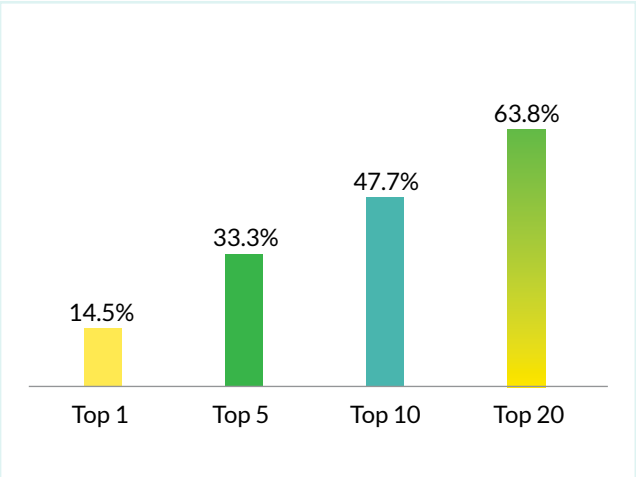
Contract Type



Time and Material
Fixed Price

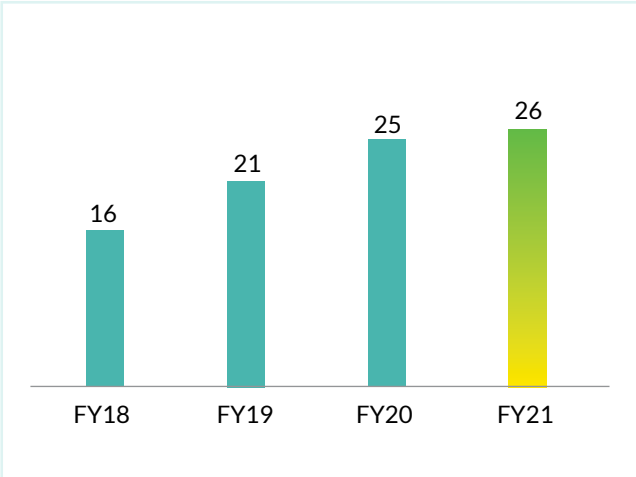
Client Revenue Concentration

(%)

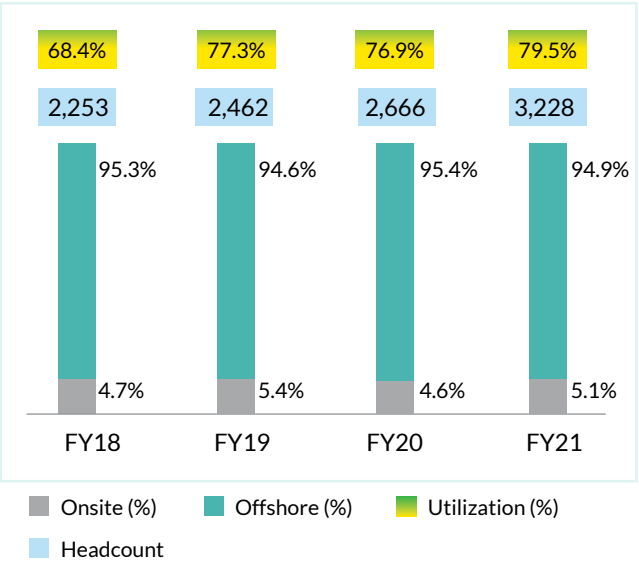


Million Dollar Customers

(Nos.)

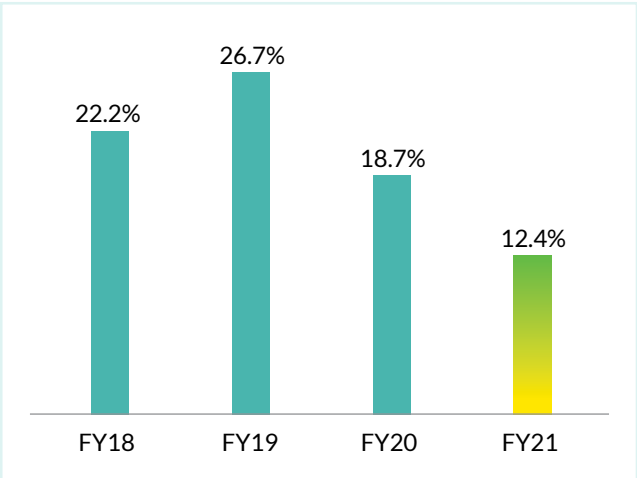


Utilization, Headcount & Onsite/Offshore



Attrition

(%)



Management & Leadership

Ashok Soota
Executive Chairman

Ashok Soota, Executive Chairman of Happiest Minds Technologies Limited (NSE:HAPPSTMNDS), is widely recognized as one of the pioneering leaders of the Indian IT industry.

Ashok was earlier founding Chairman & MD of Mindtree, a company he also led to a very successful IPO. Prior to Mindtree, he led Wipro's IT business for fifteen years, making it the second largest IT company in India. He also led the turnaround of Shriram Refrigeration into a highly profitable company after 4 straight years of losses.

Ashok has been the President of leading industry association, Confederation of Indian Industry (CII), a member of the Prime Minister's Task Force for IT and was on the Advisory Council for the World Intellectual Property Organization, Geneva. He is a Fellow of INAE and CSI and on the Board of Governors of Asian Institute Management (AIM), Philippines. He is a recipient of multiple IT Person of the Year (Dataquest and Elcina) and Lifetime Achievements Awards including Financial Express (2016), Dataquest (2017) and Chiratae Ventures, earlier IDG Ventures (2018).

On April 5, 2021, Ashok launched SKAN (Scientific Knowledge for Ageing and Neurological Ailments), India's first private sector-led, non-profit organization exclusively dedicated to carry out medical research on ageing and neurological disorders. The focus will be on under-researched areas in ageing ailments as well as Parkinson's disease, bipolar disorders, and cerebrovascular disease. Ashok has committed US$ 30 million for SKAN and the goals are to find kinder and gentler remedies; to delay the onset and slow the progression of the diseases; and to enrich the lives of people afflicted with such ailments. Ashok is not new to philanthropic work. He is the Founding Trustee of Ashirvadam, an NGO committed to caring for the environment and providing support to the needy including vocational training, education and medical assistance.

Ashok holds a Bachelor's Degree in Electrical Engineering from University of Roorkee (now called Indian Institute of Technology, Roorkee) and a Master of Business Management degree from the Asian Institute of Management, Philippines.

Ashok is co-author of the national bestseller – "Entrepreneurship Simplified: From Idea to IPO".

Joseph Anantharaju

Exec. Vice Chairman
& CEO – Product
Engineering Services (PES)

Joseph has over 25 years of professional experience, primarily focused on helping technology and digital engineering companies unlock new levers of growth. In 2011, he became one of the co-founders of Happiest Minds and currently serves as its Executive Vice Chairman and a member of its Executive Board. Joseph's instrumental role in establishing the Company's Product Engineering Business Unit helped in substantiating its digital credentials and contributed towards a highly successful IPO.

Previously, Joseph owned the P&L responsibility at Mindtree for the Microsoft Strategic Business Unit. In this role, he devised and implemented a strategic program that helped the Company become one of the largest vendors and engineering partner of choice for Microsoft. In his stint with Aztecsoft (later acquired by Mindtree), he was first responsible for making inroads into Microsoft and rapidly scaling it into a multi million-dollar account. During his combined association with both companies, he was instrumental in winning several large deals while contributing in strategy formulation, customer engagement and strategic marketing. He started his career in banking and manufacturing before foraying into the world of IT.

Joseph holds a Bachelor of Engineering degree from BITS Pilani and a PGDM from IIM Ahmedabad.

Rajiv Shah

President & CEO,
Digital Business Services (DBS)

Rajiv Shah is the President and Chief Executive Officer of the Digital Business Services and member of Executive Board of our Company. He is a global executive with more than 30 years of experience across the healthcare, financial services, technology, travel/transportation, and software industries.

Rajiv has held leadership and board level positions at technology-driven organizations including Electronic Data Systems (EDS), Wipro Technologies, IBS Software Services, and Mu Sigma. Prior to Happiest Minds, he was an advisor to Founder CEOs and various companies and worked with PE firms during their investment evaluation process.

As a CEO and Executive Director of IBS, he turned around the company with proprietary software by engineering the change in business model from on-premise to SaaS which improved revenue and profitability visibility. He drove their global expansion, initiated acquisitions and integration of niche product companies, and facilitated a major transaction to provide profitable exit to shareholders.

Rajiv led Financial and Healthcare Business Units at Wipro. He also oversaw the establishment of international operations of an IT major, EDS, a JV between the largest US BPO TeleTech and Bharti group and a new entity for an Australian Conglomerate – Kerry Packer Group. He then ran these businesses as a CEO and Executive Director.

Rajiv holds an MS in Mechanical Engineering from the University of Missouri. He has completed Executive Management courses at multiple business schools and has also participated in Global Leadership Alliance Training in St. Petersburg, Russia, and Stanford University. He speaks at various forums and has published leadership articles.

Ram Mohan

President and CEO,
Infrastructure Management
and Security Services

Ram Mohan is President and CEO of Infrastructure Management and Security Services Business Division and a member of Executive Board in Happiest Minds Technologies.

Previously, Ram was EVP and Global Head of IMS, Enterprise Integration, Mainframe services and APAC business in Mindtree. He was also CISO for Mindtree, responsible for organizational automation. Prior to that, he was EVP (operations) of e4e.

He was founder and COO of Vinciti Networks, a specialized service provider in Infrastructure Management and Tech Support (IMTS) which he ran successfully for five years and built a 1,200 strong team, before rolling up to the holding company.

Ram has worked in the Support Division at Wipro for 11 years in various capacities from customer support to business development, and helped the formation of its Global Support division, now Global Infrastructure Services division.

Ram worked as a Systems Manager in MPACT Immedia, Michigan, USA, thus acquiring the multifaceted experience in IT management and business, technology, operations and managing multiple business.

He has 30+ years of experience in IMTS, including last 20 years in senior management positions. He has the experience of working both in service organizations and product companies and has played key role in M&A activities.

Ram holds a Bachelor of Electronics Engineering degree with distinction from Bangalore University. He is a distinguished speaker in many Infrastructure and Support forums and seminars. He has also taught MBA (IT) to students of Symbiosis. He is a winner of the coveted Chairman's award at Mindtree and Happiest Minds and CSO 100 Award.

Venkatraman Narayanan

Managing Director and CFO

Venkat is the Managing Director, Chief Financial Officer and member of the Executive Board of our Company. He is a fellow member of the Institute of Chartered Accountants of India and holds a Bachelor's Degree in Commerce and in Law. He has been associated with our Company since April 2015 and has over 25 years of experience in general management, operations, finance and law. Previously, he was CFO, Sonata Software, TeamLease Services, Perot Systems TSI (India), Transworks Information Services, and Mindtree. He was Director Operations Oracle and Consultant at Arthur Andersen. He has been on the Board of Directors of Sonata's subsidiaries and Perot Systems.

Aurobinda Nanda

President – Operations & Deputy Chief Executive Officer, PES

Nanda is the President – Operations & Deputy Chief Executive Officer, PES at Happiest Minds, and is responsible for all its Engineering, Technology Management and Operational activities.

Nanda has 28 years of in-depth global experience in software and enterprise product development having worked with Mindtree, Aztecsoft and IBM in various senior leadership roles. He has led and managed global practices, product development, support and professional services leveraging geographically distributed teams.

He played multiple leadership roles at Aztecsoft (now a part of Mindtree) in his 11 years stint. He was instrumental in winning many multi-million-dollar deals, running independent P&L units, and in establishing the Product Engineering Practice. He also helped Mindtree establish a thought leadership position in the Offshore Product Engineering segment. At IBM, he led an engineering team.

Nanda distinguishes himself in building and sustaining strong customer loyalties. He has an excellent track record of aggressively building, developing and executing strategic vision for business growth. His core strength lies in creating and managing globally distributed engineering teams and practices.

Nanda holds a postgraduate degree in Computer Applications from University of Hyderabad and a Bachelor's degree in Mathematics from Utkal University.

Independent Directors

Anita Ramachandran
Independent Director

Anita is a well-known HR expert in the country and has over 40 years' experience as a management consultant. She is one of the first generation of women professionals to become an entrepreneur and run a highly successful HR consulting and services organization.

Anita began her career in the Management Consultancy division of AF Ferguson & Co (AFF), a KPMG network company in India then, as its first woman consultant. In her 19 years stint with AFF, she worked in Finance, Industrial Market Research, Strategy and Human Resources Consulting roles across India and finally became its Director.

Anita founded Cerebrus Consultants in 1995 for HR advisory services, including organization transformation. With her reputation and innovative approach, she grew it to international scale, having worked with over 700 companies in South Asia (Bangladesh, Sri Lanka and India) on a wide variety of HR projects.

Known as an authority in Reward Management in India, Anita's work in the compensation and rewards area is well recognized. Recently, she was involved in several large organization transformation assignments. She regularly facilitates senior and top management workshops and assesses senior positions. She is a strategic advisor to many family groups. She also works with several PE firms, mentors start-ups and supports organizations in the social sector.

Anita has been an Independent Director on Boards of companies across diverse industries for the last 20 years. She is currently on the Board of Grasim, Metropolis Healthcare, Kotak Life, Happiest Minds and several other companies.

She was the Chairperson of TIE Women and was on the Executive Committee of TIE Mumbai and Advertising Standards Council of India.

Anita is an MBA from the Jamnalal Bajaj Institute, Mumbai and has won several academic honors.

Rajendra Srivastava
Independent Director

Rajendra (Raj) is the Novartis Professor of Marketing Strategy and Innovation at the Indian School of Business (Hyderabad and Mohali, India). He is Executive Director, Center for Innovation and Entrepreneurship (CIE) at ISB. He serves as Independent Director, Happiest Minds and is on the Advisory Boards of Istakapaza, the State Bank Institute of Consumer Banking, and the Punjab University Pandit Madan Mohan Malviya Incubation Center.

Raj has served as Provost and Deputy President at Singapore Management University, and as Senior Associate Dean at the McCombs Business School, University of Texas at Austin and the Goizueta Business School, Emory University. A distinguished scholar, he has held the George Kozmetsky Centennial Chair at UT-Austin and the Roberto C. Goizueta Chair in Marketing and Digital Commerce at Emory University. He has been a Visiting Professor at London Business School and Helsinki School of Economics. He is a member of EFMD Deans Across Borders (EDAF).

Raj is a Fellow (Distinguished Educator) at American Marketing Association, the Mack Institute for Innovation at the Wharton School, the Institute for Studies in Business Markets at PennState University and at the IC-Sq. Institute, University of Texas at Austin. His research, spanning marketing and finance/economics, has been published in various leading Journals. He was on the editorial boards of Journal of Marketing Research (JMR) and International Journal for Research in Marketing (IJRM). He was an editor of special issues for the JMR on Brand Equity, and Journal of Marketing (JM) on Marketing Strategy Meets Wall Street.

A recipient of multiple research awards, his work on Market-Based Assets in the JM received the Maynard Award, MSI/Paul Root Award and AMA/Sheth Foundation Award. His thought leadership is reflected in ~23,000 Google Citations referencing his work.

He has consulted and delivered executive development programs across North and Latin America, Europe and Asia for multiple large technology and financial services firms. He has also worked with several companies in B2B product markets.

He holds a B. Tech. (Honors) in Mechanical Engineering from the Indian Institute of Technology, Kanpur and an MS in Industrial Engineering from the University of Rhode Island. His MBA and Ph.D. (Business Administration) degrees are from the University of Pittsburgh.

Shubha Rao Mayya
Independent Director

Shubha is an Independent Non-Executive Director of Happiest Minds. She has been associated with our Company since June 4, 2020 and has 30 years of experience in the banking and insurance sector. Previously, she served as the Vice President at ICICI, Senior Vice President and Head - CSO branch operations at ICICI Prudential Life Insurance Company and a General Manager at Tata Consultancy Services (previously TCS eServe). She also serves as an Independent Director on the Boards of Ace Manufacturing System and Stovekraft.

She holds a Bachelor's of Commerce degree from University of Mumbai and is an Associate of the Institute of Chartered Accountants of India, New Delhi.

Glimpses of FY21

NSE
happiest minds
The Mindful IT Company
Born Digital . Born Agile
lists on
NSE
Date: September 17th, 2020
NSE
Nifty50
11561.35
(-43.20)
(-0.37%)
happiest minds
Born Digital . Born Agile
389.90
(+223.90)
(+134.88%)
TTQ = 11828342

HOBBIFYING WORKSHOPS

LANTERN MAKING

HOBBIFYING WORKSHOPS

DIYA PAINTING

MAGIC
SHOW

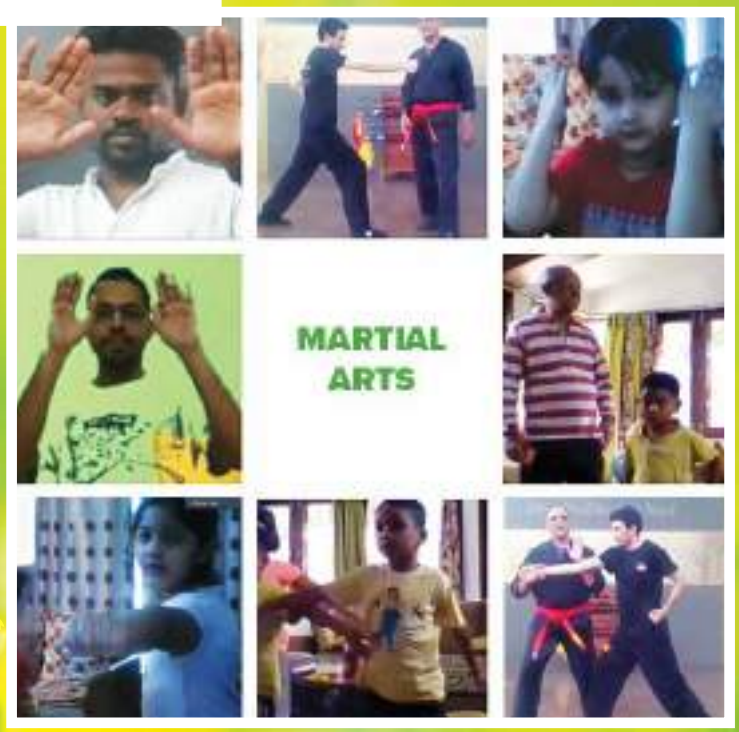
THE
MAGIC
SHOW

HOBBIFYING WORKSHOPS

ACRYLIC PAINTING

HOBBIFYING WORKSHOPS
DOODLING

IDEA


MARTIAL
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DIVERSITY
INCLUSION
SUMMIT 2020

WOMEN IN EXCELLENCE
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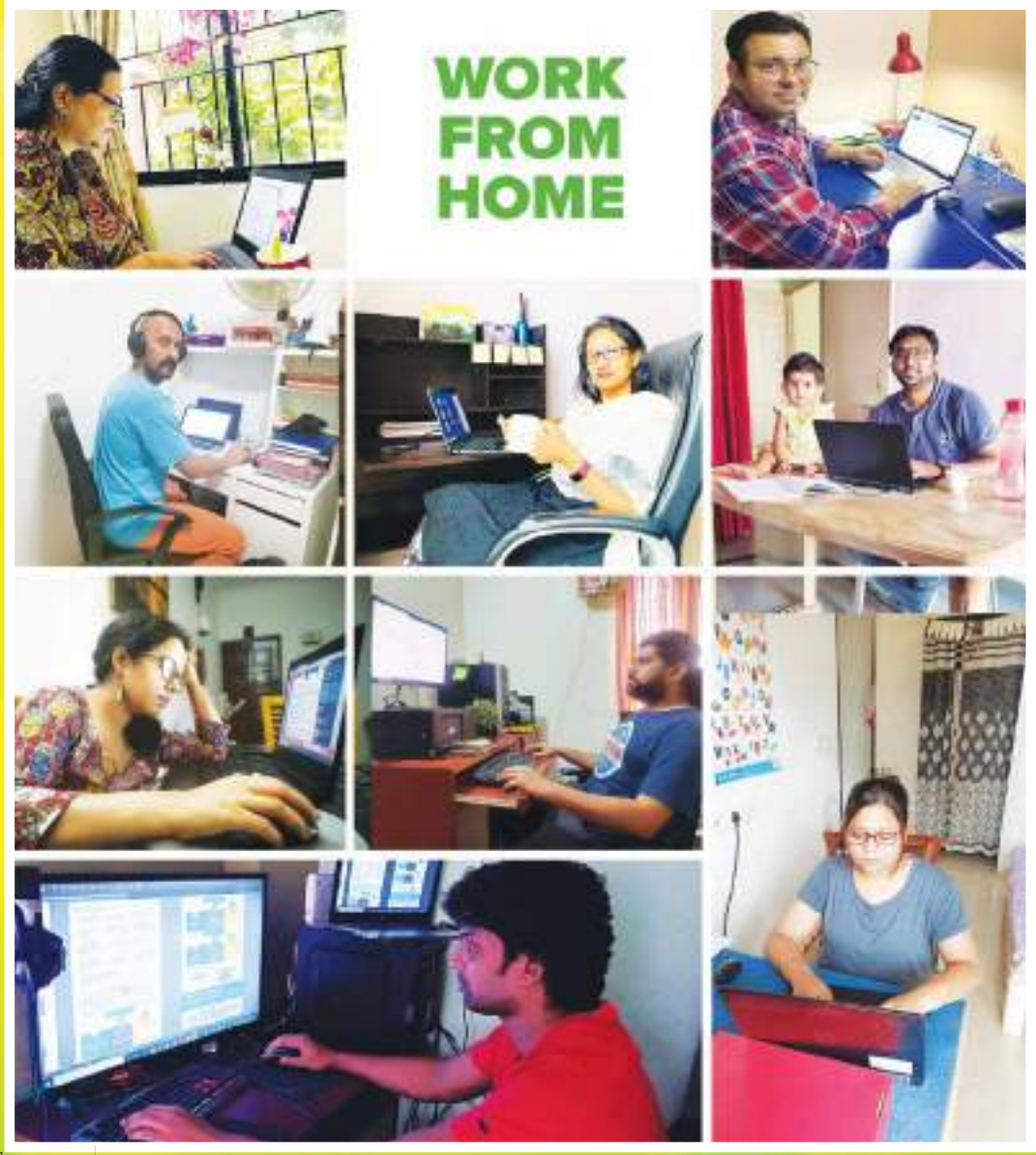
WORK
FROM
HOME

MINDFULNESS
TRAINING

TRAINING

PEOPLE PRACTICE
CONNECT

ANNUAL REPORT TEAM

ESG

40-76

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Preface

Dear Stakeholder,

With the COVID-19 pandemic wreaking havoc across the world, the year gone by has been like no other and has made us all reflect on our priorities and recognize what is truly important. In India, we experienced what is widely considered as the world's strictest lockdown resulting in a sobering experience that most of us had never gone through before.

It is against this challenging backdrop, that we persevered with our plans of being listed as a publicly traded company on the Indian Stock Exchange and completed the entire process digitally in September of last year. The market rewarded our conviction with a stellar response by oversubscribing to our issue 151 times and providing a 138% increase in our listing price. This underlines the faith imposed in us not just by our customers but also by our new investors who are now an integral part of the journey ahead.

As 2020 came to a close, it seemed like the world was slowly but surely recovering from the pandemic and the availability of vaccines provided the proverbial ray of hope. Unfortunately though, India was struck by a debilitating second wave of infections earlier this year that turned out to be even more devastating and caused several lives to be lost across the country.

It is with a heavy heart, I share with you that we lost five of our colleagues due to COVID-19. In addition, our teams saw 38 of their family members succumb to the pandemic. We would like to express our deepest condolences to the families.

We as an organization, are committed to the wellbeing of all our stakeholders and are putting forth our best efforts in ensuring we move ahead gracefully while upholding our core values. Our seamless transition to a work-from-home model in March 2020 helped almost 98% of our team across 4 continents to continue delivering on their work commitments with minimal disruption. We remain committed to investing in our systems and operating models to support our teams as they adapt to the realities of a new normal.

I am pleased to place before you our first edition of the sustainability report. Our commitment to sustainability is deeply ingrained in our mission – 'Happiest People . Happiest Customers' and our vision to be Happiness Evangelists for each other, our Customers and Society. It is this mission and vision that guides us to bring in a meaningful difference to our stakeholders. This report is a culmination

Our seamless transition to a work-from-home model in March 2020 helped almost 98% of our team across 4 continents to continue delivering on their work commitments with minimal disruption.

of effort over many months talking to various internal and external stakeholders and I believe this is a good start in our journey to report on our performance on sustainability. The report begins with a section on the pandemic that specifically talks about the impact on our operations and the measures we have taken to minimize its effect through various initiatives aimed at overall stakeholder wellbeing. The operational footprint section gives you a glance at our scale of operations. I am happy to share that your Company was recognized by multiple external agencies during the fiscal for its people engagement programs and sustainable operations which is highlighted in the awards section. As a responsible corporate citizen, Happiest Minds drove various initiatives for enrichment of our stakeholders whom we have defined in the Stakeholder engagement section. The last section on Being a Responsible Business is about our priorities and initiatives towards our stakeholders and to meet / exceed their expectations along the Environment, Social and Governance (ESG) areas. The area of Sustainability is continuously evolving and we welcome your feedback in our endeavor to make it better. In this new fiscal, we also intend to leverage the services of an external agency for an independent evaluation of our sustainability practices.

As we begin a new financial year, I would like to sincerely thank all our customers, stakeholders and partners for their continued co-operation and support. I would also like to express my gratitude to all Happiest Minds & their family who have so selflessly risen to the occasion.

Here's looking forward to hope, happiness, and healthier times ahead.

Aurobinda Nanda

President, Operations & Deputy CEO
Product Engineering Services

I would like to sincerely thank all our customers, stakeholders and partners for their continued co-operation and support. I would also like to express my gratitude to all Happiest Minds & their families who have so selflessly risen to the occasion.

What does Sustainability mean for Happiest Minds?

Our philosophy is simple – happiest people make happiest customers. People are an integral part of our business and their happiness is of utmost importance. Our systems, policies, and practices are crafted to foster an open culture, enabling our people to discover their potential and participate in shaping their own work-life experience.

Our mission statement is a simple:

Happiest People . Happiest Customers

Our five-fold vision is to:

1. **Be the Happiness Evangelists for each other, our Customers and Society**
2. **Achieve a very successful IPO**
3. **Be known as the company with highest standards of Corporate Governance**
4. **Be recognized for Thought Leadership in our focused areas of technology and solutions**
5. **Be a leader in Social Responsibility initiatives**

We are happy to have accomplished one of the vision during the fiscal which was to take the Company public. The Employee Stock Option (ESOP) covered most of the Happiest Minds on roll as of January 2020, the listing event provided opportunities to many Happiest Minds to create value out of their association with the Company. The event also reaffirmed our belief in our mission and vision as we onboarded a new set of investors who validated our positioning.

Resonating with our mission, our core values, which form the acronym SMILES, describes our ethos and guide our behavior:

Sharing
Culture of teamwork and sharing knowledge and wealth

Mindful
Attentive, caring, heedful. Mindful of our responsibilities

Integrity
Respect our commitments internally and externally, not just in letter, but also in spirit. Creating an organization that stands for fiscal, social and professional integrity

Learning
A culture that rewards self-development and innovation

Excellence
High aspirations for global excellence backed by a strong action orientation

Social Responsibility
Good corporate citizen with a special emphasis on environmental responsibility and driving inclusivity in the workplace

Responding to COVID-19

Since the outbreak of the pandemic in December 2019, the world is continuously adapting and readapting to challenges posed by the outbreak. We began the fiscal with almost all Happiest Minds working from home in what was called the world's strictest and harshest lockdown. We had a record-breaking public listing of the Company in September 2020 all of which was executed digitally in a remote environment. As the year was coming to an end, it appeared that things were in control as the rate of new infections ebbed. However, the situation became grim when most countries reported a second wave of infections at the beginning of the calendar year. India was not immune as can be seen with the huge spike in infections starting late March and April. During the year, the Executive Board and the COOs responded proactively to ensure the well-being of Happiest Minds and enable them to stay safe, and work with minimal disruption to clients.

Governing our Response

Happiest Minds follows a well-defined Business Continuity Plan (BCP) that guides our response to natural or human-made calamities and disasters, which could disrupt or severely contain our operations. The BCP program addresses all aspects of business continuity – Governance, Situation Monitoring, Risk Assessment, Mitigation Planning & Tracking, Stakeholder Communication, Liaison with external entities and Scenario Planning.

Specific Response Actions

Early March 2020, Happiest Minds had formed a task force to drive the transition to work-from-home and ensure business continuity. The task force worked round the clock to ensure that there was minimal disruption to delivery across our seven operating geos. As the impact of the pandemic differed across the countries, the task force proactively brought in targeted responses to each of our operating geos. Some of the key measures that were implemented:

1. **BCP:** To ensure smooth functioning and to continue to delight our customers, a robust Business Continuity Plan was put in place. Back-up managers and team members were provided in the unfortunate event that one should fall ill.

2. **Mithra:** The Good Samaritan Program consists of a team of volunteers who are committed to counsel Happiest Minds and be available to listen to them, in safety, acceptance and confidentiality. During the fiscal, FY21, Team Mithra has been able to provide emotional and counselling support to over 1,000 Happiest Minds.

3. **Internal First Responder (IFR) Team:** An Internal First Responder Team was formed with representatives from the various Business Units and Centers of Excellence across geographies. The IFR team member is the first person that someone reaches out to, for themselves or for their families. The IFR team member assists in guiding the Happiest Mind to the various resources that are available, such as, leave, loan, advance, hospitalization, oxygen, medication and so on. The team also meets periodically to keep up-to-date with the various Government notifications. This meeting is a safe space for the IFR team to connect, collaborate, air their concerns and share challenges faced. The IFR team, therefore, provides real-time support.

4. **COVID-19 Insurance for Happiest Minds:** This is in addition to the Medical Insurance.

5. **COVID Leave:** There are 3 different types of leave under COVID leave.
   a. Hospitalization / Institutional quarantine – Up to a max of 20 days
   b. Home Isolation – Up to 14 days
   c. Family Care – Up to 5 days (Immediate Family)

6. Leave Donation program

7. Medical Tele-consultation for Happiest Minds and their families

8. Salary Advances & Compassionate Loans are provided to Happiest Minds

9. Partnering with vendors for ergonomically designed chairs to help a smooth working from home

10. **VSafe:** Vaccination Tracking System – Happiest Minds who have been vaccinated update details in the portal for themselves and for their family members. The system also sends them reminders when the second dose in the dosing schedule is due.

11. Frequent Sanitization of office spaces

12. **Back to Office Taskforce:** A taskforce was created with representation across the Company to evaluate the return to office. Subsequently, it was discussed that the team will continue working from home until December 31, 2021 or until the pandemic abates.

13. Periodic communication from the Executive Board

14. Wellness Programs facilitated by the HappiZest team

15. COVID-19 insurance for facilities / admin / security staff.

Operational Footprint – March 31, 2021

Born Digital . Born Agile

₹ 798 Crores
Revenues for the Fiscal

7
Countries of Operation

87%
Repeat Business

3,228
Happiest Minds

173
Clients

 # 26
Million Dollar Customers

₹ Lacs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenues (a)	77,341	69,821
Other Income (b)	1,999	892
Direct Economic Value Generated (c) = (a)+(b)	**79,340**	**70,713**
Operating Costs	11,858	15,205
Employee Wages & Benefits	45,238	44,123
Payments to Providers of Capital	341	336
Payments to Governments (Total Taxes Paid)	3,527	190
Community Investments	75	21
Economic Value Distributed (d)	**61,039**	**59,875**
Economic Value Retained (e) = (c) - (d)	**18,301**	**10,838**

For further information regarding Financial Performance, please refer to page 143 onwards

Awards on Sustainability and People

India's Best Companies to Work for 2020

by Great Place to Work ® Institute

INDIA'S BEST COMPANIES TO WORK FOR 2020

Happiest Minds Technologies Pvt. Ltd.

Rank 73

Jalarushi Puraskar 2020

Recognition from Bengaluru Water Supply and Sewerage Board (BWSSB) for environment friendly Rainwater Harvesting process at Happiest Minds Headquarters in Bengaluru

JALARUSHI PURASKAR-2020

"APPRECIATION CERTIFICATE"

India's 75 Best Workplaces in IT & IT-BPM 2020

by Great Place to Work ® Institute

Happiest Minds Technologies Pvt. Ltd.

India's 75 Best Workplaces in IT & IT-BPM 2020

India's 50 Best Workplaces for Women 2020

by Great Place to Work ® Institute

Great Place to Work® Certified Apr 2020 to Mar 2021

by Great Place to Work® Institute

Diversity & Inclusion (D&I) Company of the Year

by Women Leadership Forum of Asia & LNOD Round Table.

Leading Practices in Talent Acquisition Award

by People First

Intel's Winner Circle Program

as a Solution Plus Partner for contributing towards the acceleration of 5G and virtual network transformation

Stakeholder Engagement

	Expectation	Modes of Engagement
Clients	Business Value & Innovation	• Client Visits and Meetings • Customer Happiness Surveys • Periodic Customer Leadership Meets • Newsletters • Social Media • Mailers • Brochures • Quarterly and Periodic Business Reviews
People	Career Opportunities, Health & Safety, Learning & Development	• Happiest People Pulse Survey • Social Media platform – Yammer • Intranet portals • CSR Clubs • Bulletin Boards • Blogs
Investors	Profitable Growth, Sustainability	• Quarterly Earnings Call • Broker Conferences • Non-Deal Roadshows • Company Website • Annual General Meeting • Print and Digital Media • Social Media • Investor Relations Survey • Annual Report • Email Communication
Suppliers & Alliance Partners	Long-Term Partnership	• Financial Reports • Social Media
Community	Access to Healthcare, Education and Livelihood; Gender Empowerment & Environmental Sustainability	• CSR Engagements • Site Visits • Partnerships with NGOs • Participations in forums involving academia • Local Community Meetings • Volunteering Initiatives
Government and Regulatory Bodies	Good Governance and Compliance	• Representations on consultative papers by regulatory authorities • Interactions with statutory bodies like SEBI, Labor Authorities, CPCB, etc. • Policy Advocacy • Interactions / Representations with government through industry associations like NASSCOM, FICCI, ASSOCHAM, CII

Environment

Being a Responsible Business

Mission

1. **To respect, protect, and make efforts to restore the environment by utilizing natural and manmade resources in an optimal and responsible manner**
2. **To continuously adopt and use greener sources of fuel to run our operations**
3. **To ensure the sustainability of resources by reducing, reusing, recycling and managing waste**
4. **To provide goods and services that assure safety and contribute to sustainability throughout their life cycle by ensuring safety and optimal use of resources while providing services, disposing the Bio Medical Waste and ensuring that everyone connected with it - value chain members, customers and recyclers - are aware of their responsibilities; ensuring that the services consider resource efficiency and principles of sustainability.**

As a responsible corporate citizen, Happiest Minds strives to respect, protect, and make efforts to restore the environment by utilizing natural and manmade resources in an optimal and responsible manner and ensure the sustainability of resources by reducing, reusing, recycling and managing waste. We continuously seek to improve environmental performance by adopting and promoting use of energy-efficient and environment-friendly technologies and use of renewable energy in our operations. The pandemic enforced upon us a work-from-model model since March 2020. The remote working model has ensured that we operated our office spaces with minimal staff and resources. We enabled every Happiest Mind to work-from-home by providing laptops which are known to consume lower amount of power compared to a desktop. A good part of our hardware infrastructure was in the cloud and we extended it further as we supported our Happiest Minds and customers from a remote environment. This resulted again in considerable savings in terms of power usage at your offices. With the work-from-home model continuing to be the norm for the foreseeable future, we intend to do more to ensure the operations are run on a sustainable basis.

We adopt measures to conserve energy by using energy-efficient computers and equipment with latest technologies, which would help in conservation of energy. Some of the steps and practices followed by your Company are: Optimum usage of Air Conditioners throughout its premises by ensuring that there is no cool air leakage; Usage of LED / LCD monitors (energy-efficient); Turning off monitors, when not in use; Turning off lights in all floors when people are not working; Turning off the air conditioners during non-peak hours and on weekends; Usage of treated water to recharge ground water; Installation of sun film to dissipate heat; Usage of LED lights for all its lighting solution.

During the year, we made good progress in harvesting water at all our workspaces in India. We are happy to share with you that all our India centers generate zero affluents. Black water / grey water are treated and reused for gardening and various other purposes within the campuses. The Bengaluru Water Supply and Sewerage Board (BWSSB), a government agency has validated our efforts and awarded us the "Jalarushi Puraskar" in October 2020 for our efficient water conservation, rainwater harvesting, reuse of treated waste water initiatives. During Fiscal 22, we will continue to drive such initiatives across our workspaces. One such initiative that we are exploring is waterless restrooms, which will reduce water consumption.

Social

Culture of Happiness Evangelism

With a simple, yet, lofty mission of "Happiest People . Happiest Customers", our Company focuses on the twin themes of disruptive technologies and people happiness. Our name reflects our mission and is indicative of the culture that we have built. Our logo was crowd sourced with the winning design – "The Happy Person" depicting Our Being, Our Belonging and Our Becoming.

Five years after the launch, Happiest Minds became the first Indian IT firm to be 'The Mindful IT Company', a logical extension of our happiness brand positioning. And now, we are also a 'Born Digital . Born Agile' Company.

Happiness is an esoteric concept – one that we aspire to every single day, yet one that eludes us. While happiness is a personal, conscious choice, Happiness Evangelism is an imperative, a responsibility that all Happiest Minds carry. It is in sharing happiness by focusing on the importance of relationships, kindness and helping one another…where we do things to bring smiles around us. Ordinary things that can bring about extraordinary change. We believe that every, single Happiest Mind is a Happiness Evangelist for each other, for our customers and for society. One who appreciates and empathizes, one who is kind and courteous, polite and helpful, increases harmony and collaboration, is calm, someone who goes the extra mile to deliver results, to keep one's internal and external customers happy.

We work with our mission. When our people are mindful and empathetic, it rubs off on to our customers who find value and satisfaction in working with us. And that makes good business sense. Our customers have been delighted with our company's happiness philosophy. They constantly give us feedback about how they see the S.M.I.L.E.S. value displayed and the pleasure of interacting with happy people.

It is a matter of pride for us at Happiest Minds to see the impact we have made on the lives of our people by fostering a sense of purpose, by forming collaborative communities and by fashioning the capacity to make choices.

Programs such as Mindfulness Training, Happiness Heroes, SMILES Shorts, HappiZest – our Wellness initiative, along with a culture of listening through the annual Happiest People Pulse Survey & Customer Happiness Survey, the real-time Happometer, the external Great Place to Work® Survey and Mithra – the Good Samaritan Counselling Program, helps gather feedback and derive action items, to achieve the overarching principle of creating and sustaining a great place to work. Our CSR program, Circle of Happiness, executes a process for leveraging our capabilities, building a social engagement program and contributing to socially relevant causes; d'CARBON (Clean, Assured and Responsible Building of Outcomes towards Neutrality) makes a difference to the environment and aligns corporate values with actions.

'Happiness Evangelism' and 'Mindfulness' are two sides of the same coin that needs investment of time, talent and treasure. Your Company provides the enabling functions to internalize and institutionalize these as actionable activities to enable the happiness of our people.

Every single day is pregnant with meaning and purpose. Our continuing endeavor of creating and sustaining Happiest People and Happiest Customers has been successful even during unprecedented times like these.

Sharon S. Rajkumar, PhD
Happiness Evangelist

Mindfulness

Happiest Minds is the Mindful IT Company that offers:

- The individual, an environment to live in the moment and perform with purpose;
- The customer, a trustworthy partnership, by living our core values; and
- The community, contributions as an empathetic corporate citizen.

The focus is on:

- Being Mindful which involves living in the moment; and
- Doing Mindful which involves perceiving immersively, processing non-judgmentally & performing empathetically.

Being Mindful to the needs of our members by establishing people-centric Practices & Policies has resulted in higher people satisfaction. We have been consistently ranked high in Great Place to Work® Institute and Glassdoor® ratings.

People

Happiest People Pulse Survey

Our mission is Happiest People . Happiest Customers. We have frameworks around the same and run annual surveys with our people and our customers.

In the 2020 Happiest People Pulse survey, 94% say we are a great place to work; 93% want to work here for a long time, 95% would recommend Happiest Minds to a friend; and 96% are proud of the fact that they work here. 93% of the team affirm that they have enhanced their effort towards personal well-being and happiness since they joined the Company.

GPTW Survey

We participate in the Great Place to Work ® survey and find ourselves in India's Top 100 Best Workplaces List.

	GPTW 2021	GPTW 2020	GPTW 2019
Great Place to Work	**92**	**86**	**90**
Credibility	88	80	82
Respect	86	79	82
Fairness	83	76	79
Pride	89	83	86
Camaraderie	88	85	86
Trust Index Score	87	80	83
Culture Audit	**Best Cultures** 15 Practices	**Best Cultures** 13 Practices	**Best Cultures** 15 Practices

Glassdoor Highlights

Overall Rating
4.3

Recommend to a Friend
92%

Business Outlook
86%

Interview Experience
73%

Culture & Values
4.3%

Work-Life Balance
4.2

Benefits
3.8

Diversity & Inclusion
4.1

People Data

	FY21			FY20			FY19		
	Full Time	Partner	Total	Full Time	Partner	Total	Full Time	Partner	Total
Total	**2,818**	**410**	**3,228**	**2,455**	**211**	**2,666**	**2,225**	**237**	**2,462**

- Number of nationalities – 10

Age (in years)	Female	Male	Total	%
Less than 30	388	703	1,091	38%
31 to 50	289	1,389	1,678	60%
More than 50	5	44	49	2%
Total	**682**	**2,136**	**2,818**	**100%**

Average Age of our active Full-time members is **32 years**.

Geo-Wise Team Distribution Split by Men / Women – FTE and Partner

Location-Wise Split - Full Time and Partner									
	FY21			FY20			FY19		
Location	Female	Male	Total	Female	Male	Total	Female	Male	Total
Australia	1	4	5		3	3		2	2
Canada		1	1		1	1			
Dubai	4	19	23		2	2		1	1
India	769	2,293	3,062	632	1,900	2,532	553	1,769	2,322
The Netherlands		2	2		3	3		3	3
UK	2	14	16	2	17	19		18	18
USA	16	103	119	13	93	106	13	103	116
Grand Total	792	2,436	3,228	647	2,019	2,666	566	1,896	2,462

Role-Wise Distribution – Associate / Middle / Senior / Top - Split by Men / Women – Full Time

Role-Wise	Female	Male	Total	% Female	% Male
Associate	541	1,320	1,861	29.1%	70.9%
Middle	130	687	817	15.9%	84.1%
Senior	10	114	124	8.1%	91.9%
Top	1	15	16	6.3%	93.8%
Total	**682**	**2,136**	**2,818**	**24.2%**	**75.8%**

Diversity & Inclusion

24.5%
of our workforce is women

28
Number of women who availed maternity leave

130
Number of men who availed paternity leave

5
Number of women who returned to work post maternity leave

4
Number of members with disability

People Benefits

- **Leave Donation:** The Leave Donation Program is a voluntary program where Happiest Minds donate their leaves to help their colleagues who need them the most. It also provides a provision to avail additional paid leave, from the leave pool, to people undergoing critical illness
- **Exclusive Voluntary COVID Insurance Policy:** Voluntary and exclusive COVID insurance plan for Happiest Minds and their family. Inclusion of partners, onsite, & support staff
- **Group Accident Insurance Coverage:** Enhancement in coverage limits for certain groups to align as per market standards
- **Group Life Insurance Coverage:** Enhancement in coverage limits for certain groups to align as per market standards
- **Voluntary Life Insurance Coverage:** A program to top-up GTL voluntarily for self during the policy period. This gives the flexibility to the members to go for higher life insurance coverage to their family
- **COVID Leave:** Provisioning of paid leave for people testing COVID positive and under treatment/quarantine. Option to avail paid leave for hospitalization, home quarantine and family care
- **Salary Advance Policy:** Salary advance is given to help members to cover their immediate financial requirement
- **Compassionate Loan:** A loan amount is provided to all Happiest Minds to support them during financial needs. Members will have the option to pay this amount up to 10 installments
- **Sabbatical Leave:** Members have an option to avail long leave or take a temporary break from work up to one year at a stretch for higher studies or for medical reason
- **Medical Leave:** All Happiest Minds are eligible for paid leaves for Medical situations that need hospitalization. The entire Medical leave is credited at the time of joining or beginning of the year
- **Crèche Facility:** Tie-ups at discounted rates with Klay, Feather Touch and Jumbo kids to provide crèche facility for the members with young children
- **Hospitals Tie-up:** Tie-ups with well-known hospitals near the office premises for emergencies
- **Flexi Working:** Members have the option to work only during the core working hours at office and the rest at home. One day a week WFH benefit is provided
- **Childbirth Gift:** A gift set to welcome a new born into the Happiest Minds family
- **24x7 Doctor Consultation:** Free online Doctor Consultation for members and families
- **Referral Bonus:** A1 to C6 competency will be eligible to receive this Referral Bonus when the candidate completes 3 months post joining
- **Business Referral Bonus:** Contribution to the growth of the Company through bringing in more business prospects will be eligible for bonus

Rewards & Recognitions

- **Service Smilestone:** Special Milestones are called SMILESTONES. On the anniversary of the day of joining the Company
- **Gratitude Story:** One gratitude story published per month covering members from all BU's. 12 gratitude stories shared so far— gained good traction among members
- **Quarterly Awards:** Involvement of R&R council in creating awareness on the importance of each award category. Successful Virtual felicitation of BU-wise Quarterly Awards
- **Happiest Advantage:** Tie-up with Vantage Circle for rewards redemption across all geos. Intended to create an experience for all members with multiple options on perks & redemption
- **iAppreciate Day:** While many of us share appreciations over email, these get lost, dissipated and forgotten over a period. There was a long-standing demand for a simple tool to share appreciation which also allows these appreciations to be stored for easy retrieval and analysis. Such a platform will also help the engagement teams to be more proactive in their encouragement and interventions
- **Applaud 2021:** Celebrated iAppreciate Week virtually by conceptualizing, coordinating & executing the plan with R&R Council. Inclusion of family members. 1,100+ Families received a personally signed gratitude note from leadership by post across geos

Gratitude

Expressing Gratitude is ingrained in our culture. Leadership or Team meetings start with an expression of gratitude. We believe that being grateful for the many things we have received increases our set point for happiness. Research has also validated this. At Happiest Minds, all meetings commence with spending some time expressing gratitude or silently being grateful. We institutionalize gratitude as a ritual by encouraging our people to freely use SMILES Cards which are placed at the reception in all our three facilities. We encourage Happiest Minds to use these for colleagues, family, and friends so that this ritual will cascade and have far-reaching benefits for a kind, compassionate and happy society. We also encourage our people to use the iAPPRECIATE Portal to appreciate or thank a colleague.

- **Go Gratitude:** A note of gratitude is sent to the family of the Happiest Mind to say how happy we are that they are one of our valued Happiest Mind and that we are very proud of and grateful to their contribution to the Company.
- **Say It With SMILES:** The SMILES Card is used to reach out to fellow Happiest Minds, family, and friends. It is used to express gratitude, to acknowledge, appreciate, recognize, heal, forgive... The Way to Be Happy is to make others Happy, for happiness is itself a kind of gratitude.

Work-from-Home Support during the Pandemic

The Internal First Responder team, BU People Practice, respective managers and team members support the affected members in many ways, including financial support, insurance, logistics, hospital admission procedures, counseling, and medical leaves for the recovery period.

Policies and Benefits

- Introduced COVID leaves for Happiest Minds
- System changes created to support policy
- Voluntary COVID Policy with minimal premium, to cover the member and family
- 1,000 members touched by MITHRA – The Good Samaritan Program
- Financial support with loans/salary advances for the pandemic
- VSafe – Vaccination Tracking System

COVID Support

- Internal First Responder Team providing real-time support
- COVID Microsite for real-time information related to new guidelines by Govt, Precautions, Internal Responder team contacts, Organization communication
- Effective work-from-home guidelines and Back to office plans
- Medical Tele-consultation for Happiest Minds and family members who are infected with SARS-COV2
- COVID Task Force, Internal First Responder Teams supporting members in need
- Support given to travelers returning from other Geos
- Higher team connect, Leadership touch points
- COVID Tracker
- Back-up team members / managers

Succession Planning

We have a systematic approach to ensuring leadership continuity within an organization by recruiting and/or encouraging individual Happiest Minds to grow and take up key leadership roles. It is important to ensure that succession planning is closely tied to our long-term business strategy and goals. As a process, we engage with our executive and senior leaders and clearly define the development of key talent and ensure that the successor understands his/her role in the process and knows what is expected of them. We do a Talent Risk assessment at regular intervals and make required interventions in time.

Wellness Programs (HappiZest)

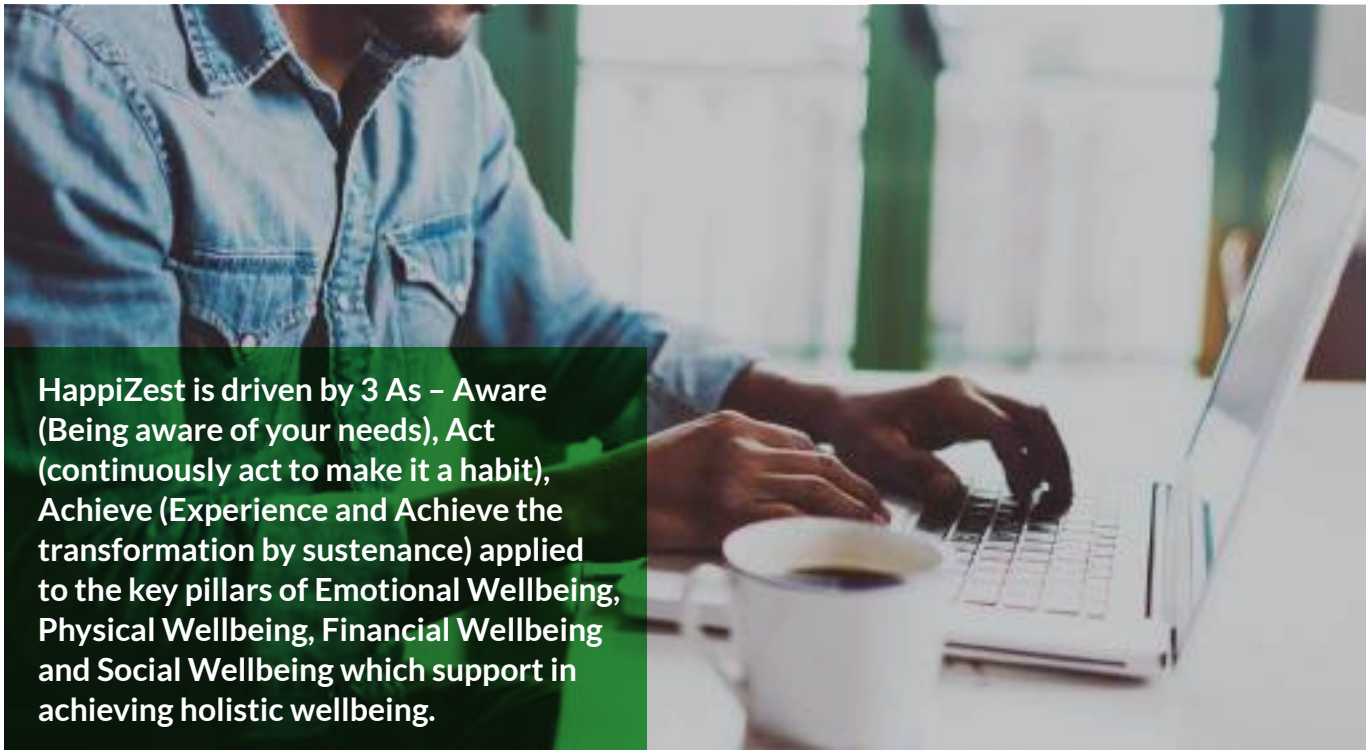
Our wellness is themed around 8Ws – Social, Emotional, Spiritual, Environmental, Physical, Intellectual, Professional and Financial Wellness.

Aligned with the philosophy of Happiest Minds, the well-being of people has been an important element of the culture of Happiest Minds. The Happiest Minds' Wellness Program constitutes the 8Ws of Physical Wellness, Spiritual Wellness, Intellectual Wellness, Professional Wellness, Social Wellness, Emotional Wellness, Financial Wellness and Environmental Wellness. These are nurtured by aligning activities, logistics, facilities and the expertise of the organization through an array of Wellness schemes and initiatives.

The new virtual reality has posed several challenges that has put the business and people under unknown risk and uncertainty. It had become much more important for Happiest Minds to focus on the well-being of people to live up to our mission in these unprecedented difficult times. The virtual world requires a different mode and perspective to address the challenges related to emotional, physical, and financial wellbeing. A varied range of initiatives were conceptualized, designed and launched to ensure the suitability to virtual world, inclusion of family members, greater emphasis on mental wellbeing, dealing with challenges related to social isolation and continuous work-from-home. There has been a wholehearted commitment from the Company to enable its members to take care of themselves and their dear ones in this locked-in situation.

The Wellness initiatives at Happiest Minds, HappiZest refers to one's experience of the 'Joy of Living'. HappiZest and its purpose aligns with the mission of the Company to foster an open culture, enabling our people discover their potential and participate in shaping their own work-life experience and increase engagement.

The HappiZest Council explores activities, builds habits and inspires others. The council has representation of members across business, location and age group, to understand, identify, conceptualize and launch initiatives for the team.



HappiZest is driven by 3 As – Aware (Being aware of your needs), Act (continuously act to make it a habit), Achieve (Experience and Achieve the transformation by sustenance) applied to the key pillars of Emotional Wellbeing, Physical Wellbeing, Financial Wellbeing and Social Wellbeing which support in achieving holistic wellbeing.

Wellness during the Pandemic:

1. **COVID-19 Relief Team:** COVID microsite and Yammer page providing all relevant inputs from internal and external sources on COVID, COVID taskforce and Internal First Responder team to attend to any COVID positive case of members or their family by providing counseling and any other support required to sail through this. We also have tele-medical consultations for our people and their family members.

2. **Work guidelines for Virtual office:** Conscious emphasis and practice from leadership and managers to declare every Wednesday as "No Meeting Day", Pre-declared time for each working day as "No meeting time zone", discouraging working on weekends/holidays, strongly encouraging people to take breaks/personal time off to avoid burnout.

3. **Adaption to Virtual World:** Happiest Minds was able to enable Work From Home (WFH) for the complete workforce from Day 1 of lockdown. While the basic infrastructure and support was provided to enable WFH, there have been continuous programs to physically and emotionally adapt and enable WFH. Programs like Free one-on-one Ergonomics consultation, Ergonomics chairs at discounted rates, Awareness on Ergonomics in the home environment, Self-Assessment on Ergonomics, Periodic, explicit and transparent communication from leadership on COVID-related impact to the organization, business, upcoming plans, expectation from individuals and so on continued well through the pandemic. Others include informative communication series with collaborative inputs from the team on parenting during lockdown, curated content from various sources on tips and practices for emotional wellbeing for self, parents, elderly and children, Continuous engagement and Involvement of people, their family and children in engagement programs like Talent Show, Music hour, Hobby-related workshops, lockdown recipes and so on.

4. **Enabling Creativity / Hobbies:** A collaborated session where our members or their family including children, with expertise in any arts/crafts/hobby conduct an engaging workshop on arts and crafts, ranging from Origami, Painting, Doodling, Mandala Art etc. to encourage others enjoy and take up a hobby. We have organized 8 workshops under this theme in FY21, where 850+ members attended the workshops and provided a feedback of 4.9 (out of 5).

5. **Self-Care:** Series of initiatives focusing on self-care related to financial planning – managing finances during COVID, retirement plan, emotional wellbeing – expert talks related to destressing, sleep assessment, digital detox, virtual physical fitness challenge, ergonomics assessment, Doctor Tele consultation. We have organized 4 workshops under this theme in FY21, where 400+ members attended the workshops and provided a feedback of 4.7 (out of 5).

MITHRA - The Good Samaritan Program

We truly live in uncertain, complex, and ambiguous times, and the recent changes in the environment are a perfect example of this. There are times in our personal and professional lives when the pressures and the anxieties of life and living, uncertainties & constant changes and need to adapt to those changes, place enormous stress on us, and takes its toll. During these times, it is important to find someone trustworthy to talk to, someone with a sympathetic, listening ear. **MITHRA – The Good Samaritan Program is precisely for that purpose.**

MITHRA

– The Good Samaritan Program

MITHRA is a team of Happiest Minds' Volunteers who have committed to be available to listen, to help you deal with whatever it is that one is going through.

They are available to take calls or respond to mails 24/7, to help one process whatever it is that they are going through, in safety, acceptance and confidentiality.

In FY21, Team Mithra has connected with over 1,000 Happiest Minds

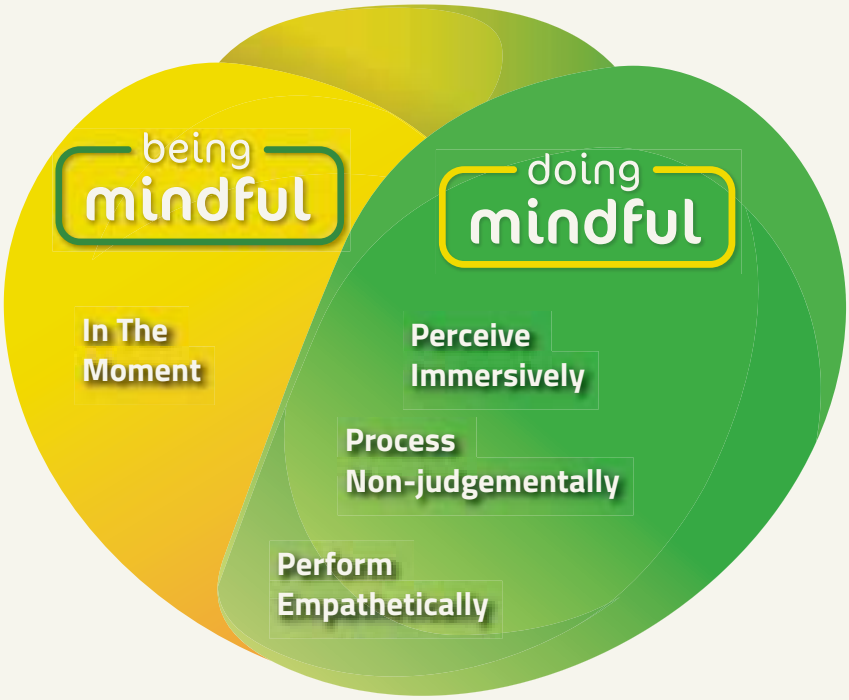
Mindfulness Training in FY21

18 sessions
745
covered in FY21

Total
3,649
Happiest Minds till date

78%
Coverage

Sessions for
Onsite Happiest Minds
Board Members
NASSCOM
Infosys, Chennai
DJAME Institute of Excellence
NIPM, Coimbatore
XIMB
NTT Data



Circle of Happiness

Happiness comes from giving, not getting. If we try to bring happiness to others, we cannot stop it from coming to us also. To get joy, we must give it, and to keep joy, we must scatter it. - John Templeton

Social Responsibility is a core value of Happiest Minds. It is also one of our vision statements where we have set out to "be a leader in integrating social responsibility initiatives with core business operations".

Our CSR initiative, called the Circle of Happiness:

- Establishes volunteering & community involvement
- Celebrates our important milestones with acts of giving
- Executes a process for leveraging our capabilities and contribute to socially relevant causes. and builds a social engagement program that enables us to engage with clients & partners and make a difference to society and the environment
- A core team anchors this program, defines its charter at a granular level, interfaces with social organizations and coordinates volunteer activities

Some of our CSR initiatives in FY21 were:

- Total 2.76 million meals to Akshaya Patra Foundation totaling ₹ 13,283,798
- COVID Relief - ₹ 1,596,200 to Akshaya Patra; ₹ 160,333 to CM Relief; ₹ 443,540 to PM CARES Fund; total ₹ 22 lacs
- Support to Happiest Minds & families with COVID-19 - hospitalization, plasma donation etc.
- Daan Utsav - ₹ 663,010 - Baale Mane, Balajothi, OBLF, Jeevarathni & Ankura

Learning and Development

Learning and Development at Happiest Minds is a continuous process of excelling a learning culture which is Agile, Creative, Collaborative and Technologically advanced in alignment with business and organization goals.

2011

- Inception in India, US and UK geography
- Need-based training support
- Onboarding programs

2012

- Campus to corporate program introduced
- Foundational efforts to identify training needs for business

2013

- Structured Onboarding and Assimilation programs for all new hires
- Soft skills programs

2014

- Financial wellness program introduced
- POSH Awareness programs

2015

- Mentorship programs in collaboration with business teams
- Initiative to build internal trainer pools

2016

- Launched Mindfulness Program
- Leadership office intervention
- L&D Support extended to Australia and Canada

2017

- Online learning platform to provide blended approach to learning
- L&D Support extended to Netherlands

2018

- Structured process of executing classroom programs
- Community learning
- Quarterly training need analysis

2019

- Curated online learning programs
- Multiskilling Initiative roll out
- Managerial Excellence and Development of Agile Leaders (MEDAL)
- Collaborations with businesses for training need analysis and calendarizations of programs as per project needs

2020

- Increased collaborations with business to upskill and close skill gaps. 52% Happiest Minds covered as part of multitasking initiative
- L&D Support extended to Arab Emirates
- Competency-based professional development catalogue
- Women in Excellence (WE) Programs for women leaders
- Role Transition programs for new managers
- "STAR" programs to recognize our internal trainers
- Equal employment opportunity Awareness programs

2021

- 62% of Happiest Minds trained on one additional skill
- Deployment of Multiskilled/ Cross-skilled Happiest Minds into new projects
- 78% Happiest Minds are covered as part of mindfulness programs
- Individual learning maps introduced and learning initiatives calendarized
- Competency framework roll out
- Automation in reporting and tracking progress
- Focus on emotional wellbeing
- Diversity and inclusion awareness programs
- Encourage self directed learning

2022

- Micro and Macro learning approaches – Online virtual classrooms, Mobile and social learning
- Learning paths for individuals as per competency framework
- Architect Program for aspiring Happiest Minds
- Study assistance program
- Build domain and functional expertise
- Focus on process improvements to increase efficiency and deliver excellence Learning effectiveness
- Skills building for scarce talent
- Role transition programs for leaders

Onboarding Program

A newly onboarded Happiest Mind goes through a structured Assimilation process which provides them with basics to quickly integrate into the organizational culture, understand the Mission & Vision, awareness on internal processes and get insight into the Business domain. The process also ensures that all mandatory programs related to Security Awareness, Policies, comprehensive POSH Program & Equal employment opportunity are covered as per compliance & to create a culture of inclusiveness. The programs are delivered using a blended approach consisting of Classroom, Virtual program, and Online learning portals.

Continuous Learning

Happiest Minds facilitates and promotes continuous learning in several ways. As part of the continuous learning process, various learning initiatives are designed and recommended as per the role, project needs, Business Strategy and Career Aspirations of individuals.

Individual Learning Maps

During our annual performance appraisal, all Happiest Minds can indicate their training needs, or the Managers can recommend the training need for the individual. This information is consolidated by the Learning & Development team as Individual Learning Maps. Based on these Learning Maps, we design and calendarize Technical programs, Soft Skills, Behavioral, Managerial, Leadership & Certifications for individuals to attend during the year.

Multiskilling

When new projects are initiated, a request is raised in the internal system to identify people who can execute the project. These requests have the skills required for the project. We frequently analyze the skills attached to these requests and identify new skills as they arrive in the market or most frequently required skills. Equipped with this information, we proactively design training programs & interventions for Happiest Minds to upskill themselves as per the Industry needs.

Project-Based Ongoing Training Needs

Ongoing Training Need analysis with business leaders is done on quarterly basis and training programs are calendarized for respective business units. Specialized technology, Functional and Domain related interventions are also carried out as per the organizational need.

Transformational Programs

Mindfulness Programs

We have adopted 'The Mindful IT Company' as a tagline in our logo. We have distilled the principles of mindfulness for Happiest Minds and identified tools and techniques that inculcate this practice. In order to inculcate mindfulness, 60 minutes in a week is set aside for the team to engage with a customized blend of select techniques such as Mindful Meditation, Active Listening, Body Scan, Desktop Yoga and Mindful Coaching, among others. 101 sessions covering 3,679 Happiest Minds have been conducted so far.

In FY21, 745 Happiest Minds have undergone Mindfulness training; 78% coverage.

Happiest Minds' Feedback to Mindfulness Training

Focused	Respond; not react	Confident now	Manage Stress
Get good sleep	Calm in traffic jams	Work Collaboratively	BP reading normal
Able to concentrate better	Am positive	Can work in a team	Accepting of others' POV
Can deal with conflicts	Anxiety attacks have come down	Don't get angry frequently	Peace of mind
Listening to others	Allowing others to speak	Easier to solve incidents @work	

86% reported enhanced Personal well-being

81% reported enriched Interaction & collaboration with others

67% reported improved Work Performance

101 sessions

3,679 Happiest Minds

Welcome to Management

"Welcome to Management" is a customized program for our new Managers who are taking the first step into managerial positions. This program focuses on building key skills on planning, delegating, managing, decision-making. Also, the program covers aspects of emotional intelligence, awareness of personality styles and communication skills empowering them to become confident managers.

Campus to Corporate

Campus to Corporate training is a long duration program to help transition smoothly into the corporate organization. This program focusses on building in-depth skills on Technologies & Professional Development skills on corporate communication, managing time, building self-confidence and the mindset shift that is required when moving from a college to corporate environment.

Progressive Programs & Initiatives

MEDAL (Managerial Excellence & Development of Agile Leaders)

A customized learning initiative to enrich the leadership community on various facets of entrepreneurship to run the business. This program aims to bring the leaders across the organization and provide a platform to deep dive into the various business domains and cover aspects of building High performance teams, Diversified thinking process, Finance, Agility, Marketing and Change Management.

Women in Excellence

Research suggests that the proportion of women in key leadership roles remains low in most organizations, despite compelling evidence that increased diversity amongst leadership ranks increases organizational performance. Women face an unique set of challenges when progressing into leadership positions, including unconscious bias, a scarcity of role models, and a continually shrinking peer group.

Happiest Minds' Women in Excellence (WE) program is a learning intervention which aims to bridge this gap by enabling and enhancing personal, inter-personal and group skills. After the completion of the program, senior leaders are assigned to mentor the participants.

For the year, we organized WE Program which was exclusively delivered for Women at Happiest Minds which covered 9 Modules - Managing Conflict, Understanding Myself - MBTI Debrief, Live your Values etc. which was delivered by our internal leadership & Trainers. A few sessions like Personal Branding & Influencing, Emotional Equity was delivered by External speakers, post which a one-month Mentorship Program was done by internal Leadership team for individual Women Happiest Minds. 34 Women Managers participated in the FY21 Program.

Multiskilling Initiative

To respond to the ever-growing technology changes and to thrive in the industry ahead of the curve, it is very important to ensure upskilling of our workforce with new skills and emerging technologies. Multiskilling initiative encourages our Happiest Minds to be trained on minimum of one additional skill or technology to keep pace with the changing marketplace. Our internal tool has a library of 1,300+ skills that an individual can choose from and add to his/her profile. The skill information of people is continually updated as they acquire new skills through various learning initiatives or project work. This information is used for identifying and rolling out learning programs & Interventions.

Competency Based Professional Development Programs

Competency Based Learning Interventions and Learning programs focuses on people skills & personality attributes to enhance an individual's self-awareness, interpersonal skills, communication skills, social skills, job performance skills, character traits, managerial effectiveness and Leadership Skills.

Trainings & Certifications

Happiest Minds allows role or job certification program reimbursement for its members. 45 Happiest Minds completed 45 Certification Programs in FY21.

Business Impact

Change Management during Pandemic

Culture of continuous learning, structured learning processes, Multiple learning methodologies and established Internal trainer pool seamlessly transitioned to remote working during Pandemic. During the year FY21, the average hours achieved on trainings is 30 hours.

Learning Methodology

Before Pandemic

- Classroom teaching
- Online – Curated Learning path
- Mentor led
- On the job
- Self learning
- Community learning
- Tech Showcase
- Webinars

During Pandemic

- Virtual instructor led
- Social media for training activities
- Team-based learning
- Online – curated learning path
- Self learning
- Webinars
- Tech talks
- Mentor led
- On the job
- Community Learning
- Technical & Non-technical

Customized programs and initiatives during Pandemic

- Emotional Intelligence Program
- Mindful Thinking Program
- Pro bono Programs on communication skills, Time management
- Partnership programs from industry and vendors
- Extending online learning platforms to support continual learning
- Digital Wellbeing program
- Financial Wellness for Women
- Emotional and mental fitness
- Remote programs on Agile, resulting in Exams and Certifications
- Online curated learning paths to upskill on various technologies and professional development

Increased Revenue

Optimization of Operational Cost and providing opportunities to utilize inhouse talent led to increased revenue numbers in FY21.

Alignment with Customer Roadmap

Intervention by L&D to upskill Happiest Minds on Net Core & Safe Agile trainings really helped the offshore team align with the customer roadmap.

Multiskilling

67% of Happiest Minds trained on additional skills as per the Multiskilling initiative. 343 project deployments across the BU's.

Trainings & Certifications (2020-21)

AWS BIG DATA
- Confluent Certified

BACKEND
- AWS Certified Sysops
- Splunk Fundamentals 1

CEH
- Certified Ethical Hacker
- Certified Information

CLOUD
- AWS Certified Cloud
- Azure Administrator
- Microsoft Azure
- Microsoft Certified Azure

GOVERNANCE
- ITIL Foundation IT
- ITIL Foundation v.3
- ITIL Foundation v4

NETWORKING
- CAPM
- CCNA
- CCNA Routing and
- CCNP
- CCNP Routing
- Cisco ENSDWI
- FORTINET NSE 1
- FORTINET NSE 2
- FORTINET NSE 3
- NSE 1 Network Security
- NSE 2 Network Security
- NSE 3 Network Security

PROJECT MANAGEMENT
- Certified Product Owner
- Certified SAFe 5 Agilist
- Certified Scrum Master
- Certified Scrum Product
- Certified Scrum MasterA®
- SAFe 5 Agilist
- Scrum Fundamentals

RPA
- RPA Developer UiPath
- RPA UiPa foundation

SALESFORCE
- Salesforce Certified
- Salesforce Service Cloud

NETWORKING
- CEH
- CompTIA Security Plus
- CompTIA Security +
- Computer Hacking
- IBM Qradar SIEM V
- ZScaler Certified Cloud

Improved Delivery and Performance

Business Requirement was to implement modern BI platform and streamline reporting environment.

Happiest Minds were upskilled on Azure Data Lake, Power BI and Kafka Integration, which resulted in unified data view across the organization, enabling swift business decision-making. It also eliminated the need for Manual report generation across Business units.

Talent Acquisition

Our approach to Talent Acquisition as a Center of Excellence is AI-enabled, Analytics-driven with Agility in decision-making process. Our differentiated hiring processes, Day of Experience, focus on future skills and Happiness as our core theme makes Happiest Minds Technologies an employer with value and difference. We continually strive to provide the best experience to candidates. Differentiated hiring processes and post offer engagement led to growing offer to joiner ratio consistently over the last four years. Over the last 4 years, we have achieved significant reduction in overall turnaround time from 83 days to 51 days.

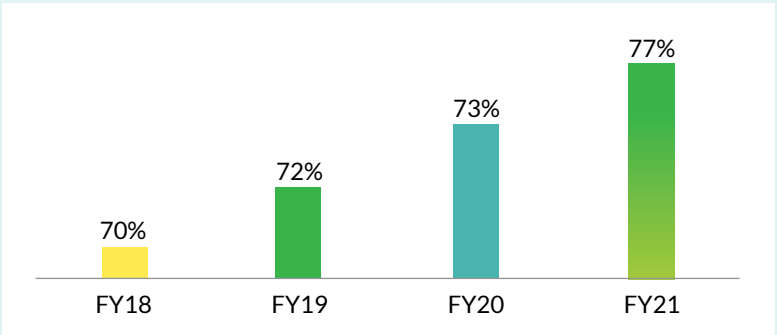
TA in Times of Pandemic

Since the pandemic hit us, the TA team made several realignments in its recruitment process such as:

- All Interviews are conducted online over MS Teams or a Skype platform.
- Most of the time, recruiter connects the Interviewer and candidate over teams and takes a photo of the candidate for future references.
- During or after the People Practice Interview, the recruiter asks for the candidate documents (like photo or Aadhaar or PAN) and team cross checks the photograph with the document before releasing the offer letter.

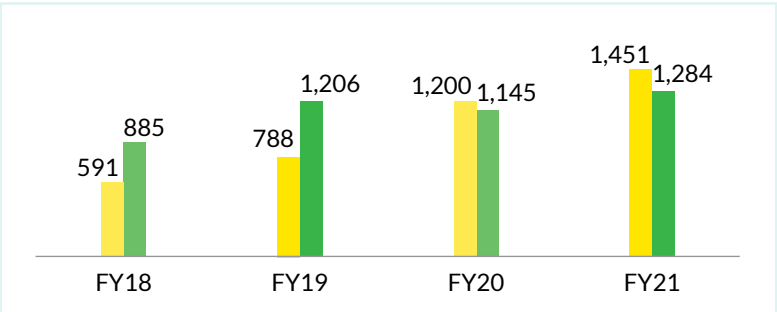
TA team has consistently delivered exceeding results in alignment with business goals. TA structure and our automation-led evaluation process have been designed to provide scalability consistently.

Enhanced Candidate Experience Impact on Offer to Joiner Ratio



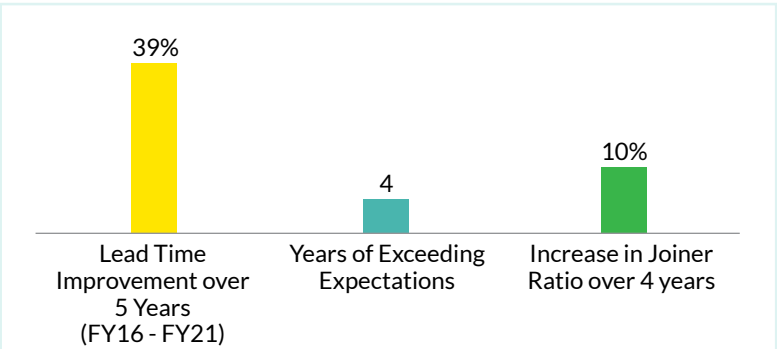
Initiatives on Improving Candidate Experience

Yearly Plan & Actual Hires Consistent Influence on Growth



Planned Actual

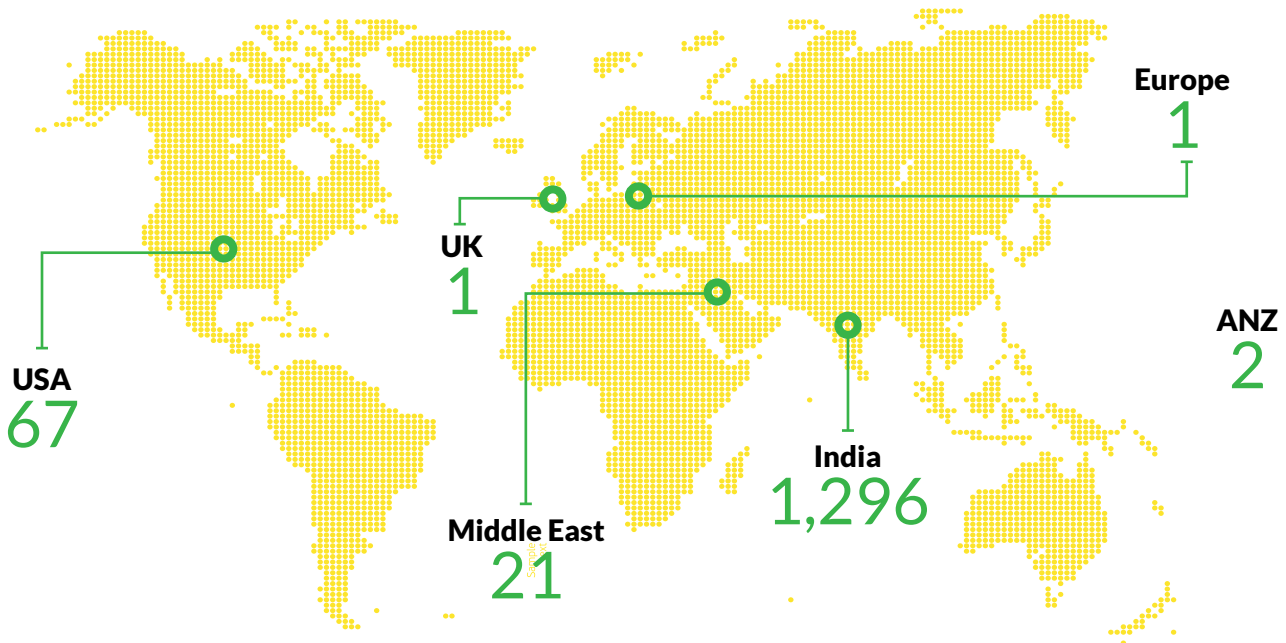
Delivering Excellence Consistently



Happiest Minds is an Equal Employment Opportunity Company

We are an equal employment opportunity provider and as part of our Equal Opportunity Policy, we provide equal opportunities at all levels of employment without discrimination on grounds of race, ethnicity, nationality, gender, language, age, sexual orientation, religion, marital status, socio-economic status or special ability.

During the fiscal year, we hired 1,388 people out of which 345 were women. The geo-wise and employment type split of recruitment is as follows:



908
Happiest Minds

423
Partners

57
Interns

Our diversity ratio for the year currently stands at 24.5%. We aspire to raise this percentage to 26% in FY22. We have undertaken various measures to increase the diversity such as:

- **Hiring:** Each BU is working on the D&I Target assigned through hiring drives, hackathons, and usual lateral hiring process. Each BU has given dedicated target to work on increasing the diversity ratio, which is reviewed every quarter and dashboard is published to the Executive Board.
- **Referral Policy:** We encourage referrer by paying 5% extra for each women joiner referred by the team.
- **Awareness Session:** Constant awareness sessions are done to encourage leaders and managers to hire more women and diverse workforce
- **Retention:** Connect with all resignation cases at BU Level to see what best can be done to retain the talent and look at avenues for connecting with women Alumni to attract women to join back whenever the right opportunity comes in.
- We have increased our focus to hire disabled personnel for various roles in partnership with vendors.

Governance

(Please refer to page number 123 for more information on Corporate Governance.)

Data Privacy and Freedom of Expression

1. Happiest Minds has conducted detailed assessment of our internal processes to comply with Privacy regulation like GDPR. Data flow maps are developed and evaluated for each function/business process to identify the overall lifecycle of the collected data, privacy risk is assessed and mitigation measure and controls are deployed accordingly. Some of the key policies/ practices implemented include:

   1a. **Awareness (Article 39):** Annual information security awareness sessions

   1b. **Review and Update Privacy Notices (Article 19):** The current privacy policy is updated as per the GDPR requirement. The same has been published in the Happiest Minds website.

   1c. **Appoint or Hire a Data Protection Officer (Article 37):** In-house Full-time DPO has been appointed.

   1d. **Evaluate Data Retention Procedures (Article 12):** Data retention policy is in place and timeline of data retention is mentioned by different process owners.

   1e. **Conduct a Privacy Impact Assessment (PIA) or DPIA (Article 35):** DPIA was conducted when the GDPR was implemented identifying various PII data and its respective controls and owners. Annual audit is conducted to verify the DPIA.

   1f. **Establish Contracts with Third-Party Processors (Article 28,46):** Happiest Minds has modified the contracts to ensure that all third parties have adequate data protection measures and procedures in place. Annual privacy risk reviews are conducted for the identified critical vendors.

   1g. **Implement Procedures for Prompt Mandatory Notification (Article 33,34):** We have procedure in place to ensure that breaches are reported to regulators within 72 hours of the Company becoming aware of the breach. If notification occurs later than 72 hours after we become aware of a breach, eventual notice is accompanied by an explanation for the delay. DPO manages and oversees the activities.

Data Security and Privacy Policies

1. Information Security and Privacy Policies and Procedures: We have well-defined and implemented information security and data protection policies and procedures (as per ISO 27001 framework). Policies and practice related to Data security includes:

Accounting Metrics for the Fiscal

1.	Total amount of monetary losses as a result of legal proceedings associated with user privacy	None
2.	Number of law enforcement requests for user information, number of users whose information was requested, Percentage resulting in disclosure	None
3.	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	None
4.	The entity shall disclose the number of unique users whose information is used for secondary purposes	None

2. As part of our Information Security management system, ongoing risk assessment are conducted (both internal and Third parties) to assess the risk and mitigation/controls. We undergo annual ISO 27001 certification and SOC 2 Type 2 attestation by Third parties. The following Data security controls are in place:

   2a. Encryption - Both at end points and at Network level

   2b. Strong Access Control - Including Multi-factor and Risk-based Authentication and access control

   2c. Malware protection - At end point and network layers (to protect web and email traffic)

   2d. Device control - Restriction on usage of USBs, Mobile devices

Accounting Metrics for the Fiscal

1.	Number of data breaches	None
2.	Percentage involving personally identifiable information (PII)	0%
3.	Number of users affected	None

Statutory Reports

78-141

Board's Report

Dear Members,

Your Directors take pleasure in presenting the Tenth Annual Report covering the highlights of the finances, business, and operations of your Company. Also included herein are the Audited Financial Statements of the Company (standalone and consolidated) prepared in compliance with Ind AS accounting standards, for the financial year ended March 31, 2021.

Highlights of Financial Performance

Amount in ₹ Lacs

Description	Standalone		Consolidated	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Revenue from operations	76,096	69,821	77,341	69,821
Other Income	2,342	1,598	2,424	1,602
Total Income	**78,438**	**71,419**	**79,765**	**71,423**
Employee benefits expense	45,012	44,123	45,238	44,123
Depreciation and amortization	2,063	2,023	2,274	2,023
Finance cost	692	799	697	802
Other expenses	12,069	15,815	12,954	15,988
Total expenses	**59,836**	**62,760**	**61,163**	**62,936**
Profit / (Loss) before Exceptional Items and Tax	**18,602**	**8,659**	**18,602**	**8,487**
Exceptional (Income) / Expense	-	1,126	-	1,126
Profit / (Loss) before Tax	18,602	7,533	18,602	7,361
Tax expense	2,409	190	2,356	190
Profit / (Loss) after Tax	16,193	7,343	16,246	7,171
Earnings per share (Basic)	11.71	7.21	11.75	7.04
Earnings per share (Diluted)	11.41	5.49	11.45	5.36
Appropriations				
Dividend on equity shares	-	-	-	-
Transfer to reserve	-	-	-	-
Balance carried forward	16,193	7,343	16,246	7,171

Note: Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

A detailed analysis of the financials and business performance of the Company during the year under review including the impact the COVID 19 pandemic had on your Company's business is detailed below.

Management Discussion and Analysis

Management Discussion and Analysis as required under Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"Listing Regulations"**) is provided separately in the Annual Report.

Dividend & Transfer to Reserves

Your Company's policy on Dividend Distribution is available at https://www.happiestminds.com/investors/policy-documents/.

In accordance with the said policy, your Directors are pleased to recommend a final dividend of ₹ 3/- per equity share for the financial year ended March 31, 2021 (previous financial year – Nil). If the above recommendation is accepted by the Members of the Company at the ensuing Annual General Meeting, total outflow on this account will be ₹ 44.06 Crores.

Your Directors do not propose to transfer any amounts to the general reserves of the Company, instead have recommended to retain the entire of profits for the financial year ended March 31, 2021 in the profit and loss account.

Your Company did not have any amounts due or outstanding as at Balance Sheet date to be credited to the Investor Education and Protection Fund.

Mergers & Acquisitions

During the year under review, your Company signed definitive agreements to acquire, with effect from January 1, 2021, 100% ownership interest in PGS Inc which had permission to Do Business As "DBA" - Pimcore Global Services, a Houston, USA, based digital e-commerce and data management solutions company for a cash consideration of US $8.25 million.

PGS has a strategic partnership with Pimcore Austria for delivering solutions around the opensource Pimcore framework which helps enterprises establish a robust digital presence through seamless data and experience management. PGS clientele includes customers across Retail, CPG and Manufacturing verticals.

Prior to the acquisition PGS was a Customer of your Company. Revenues of PGS for the fiscal ended December 31, 2020 (pre-acquisition) was circa US$ 10.6 million during which period your Company counted PGS as one of its US$ 2M + customer. Your Company has been a Gold Partner of Pimcore for the past several years and now with the Platinum/Strategic partnership and capability of PGS, has acquired significant capabilities on the framework while strengthening its global Digital Commerce practice.

Post-acquisition the name of the PGS Inc. has been changed to Happiest Minds Inc. while retaining the DBA as-is.

Subsidiary Company

As of March 31, 2021, your Company had one wholly owned subsidiary company viz., Happiest Minds Inc., USA (formerly PGS Inc.). The statement under Section 129(3) of the Companies Act, 2013 in respect of the subsidiary in Form AOC-1 is attached as Annexure I. The Consolidated Accounts of your Company duly audited by the Statutory Auditors are presented as part of this Report.

The financial statements together with related information and other reports of the subsidiary are available on the website at https://www.happiestminds.com/investors/

Your Company's policy on material subsidiary is also available on the website at https://www.happiestminds.com/investors/policy-documents/

Recognitions

We are happy to inform that your Company has received the following recognitions during the year:

- Ranked 73rd among India's Best Companies To Work for 2020 by Great Place to Work®
- Recognized among the Top 50 Best Workplaces for Women 2020 by Great Place to Work®
- Recognized by Intel's Winner Circle Program as a Solution Plus Partner for contributing towards the acceleration of 5G and virtual network transformation
- Awarded the Jalarushi Puraskar 2020 Appreciation Certificate from BWSSB (Bengaluru Water Supply and Sewerage Board) for conservation and efficient use of water
- Awarded at the Best D&I Practices of Asia Seminar and Awards 2020: D&I Company of the Year, D&I Awareness Campaign and D&I Talent Management Practice
- Awarded Peoplefirst's Leading Practices in Talent Acquisition Award

Initial Public Offering & Listing

During the year, your Company made an Initial Public Offering ("IPO") of 4,22,90,091 equity shares of face value of ₹ 2 each of the Company for cash at a price of ₹ 166 per equity share, including a premium of ₹ 164 per equity share aggregating to ₹ 7,02.02 Crores, comprising of a fresh issue of 66,26,506 equity shares aggregating to ₹ 110 Crores and an offer for sale of 84,14,223 equity shares by Mr. Ashok Soota, the Promoter and 2,72,49,362 equity shares by CMDB II, the Investor, aggregating to ₹ 592.02 Crores.

The issue opened on September 7, 2020 and closed on September 9, 2020. The issue was led by book running lead managers viz., ICICI Securities Ltd and Nomura Financial Advisory and Securities (India) Pvt Ltd.

Your Company is happy to inform that the issue was oversubscribed 151 times (i.e., around 71 times in RII, 77 times in the QIB and 351 times in the NII category). Your Company's entire paid-up share capital consisting of 14,68,63,556 equity shares were listed and admitted for dealing on the National Stock Exchange of India Limited and BSE Limited with effect from September 17, 2020, subject to fulfillment of lock-in conditions on certain shares.

The proceeds of IPO of ₹ 110 Crs were utilized for the objects as disclosed in the Prospectus viz., ₹ 102.42 Crs towards working capital, ₹ 3.03 Crs towards general corporate purpose and ₹ 4.55 Crs towards IPO expenses.

Your Company confirms that it has paid the Annual Listing Fees for the year 2020-21 to National Stock Exchange of India Limited and BSE Limited.

Share Capital

During the year, your Company allotted 66,26,506 equity shares of ₹ 2/- each as fresh issue of shares as part of IPO of the Company. With the said allotment, the paid-up equity share capital has increased to ₹ 29,37,27,112/- as on March 31, 2021 consisting of 14,68,63,556 equity shares of ₹ 2/- each.

Your Company has not issued shares with differential voting rights and sweat equity shares during the year under review.

Directors and Key Managerial Personnel

As on March 31, 2021, the Board of Directors of your Company comprised of six Directors, viz., three Executive Directors and three Independent Directors including two women Directors. As per the Articles of Association of the Company, one third of the Directors (other than Independent Directors) are liable to retire by rotation at the Annual General Meeting ("AGM") of the Company, every year. Mr. Venkatraman Narayanan (DIN 01856347) retires by rotation at the ensuing 10th AGM and being eligible, offers himself for re-appointment.

Your Board of Directors at its meeting held on November 4, 2020, has (a) approved appointment of Mr. Joseph Vinod Anantharaju (having DIN No. 08859640) as Executive Vice Chairman; (b) approved appointment/re-designation of Mr. Venkatraman Narayanan (having DIN No. 01856347) as Managing Director & CFO; and (c) accepted resignation of Mr. Avneet Singh Kochar (having DIN No. 02415196), Non-Executive Director and representative of erstwhile Investor - CMDB II.

Ms. Anita Ramachandran (DIN No. 00118188), Mr. Rajendra Kumar Srivastava (DIN No. 07500741) and Ms. Shubha Rao Mayya (DIN No. 08193276) are the Independent Directors on the Board with effect from June 4, 2020. Pursuant to the provisions of Section 149 of the Companies Act, 2013 the independent directors have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 along with Rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations. There has been no change in the circumstances affecting their status as independent directors of the Company. In the opinion of the Board, the independent directors possess the requisite integrity, experience, expertise and proficiency required under all applicable laws and the policies of the Company.

Policy on Nomination and Remuneration of Directors

This policy on the nomination and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel has been formulated by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company. The Policy is guided by the principles and objectives as enumerated under the provisions of the Companies Act, 2013 and the Listing Regulations, to ensure reasonableness and sufficiency of remuneration to attract, retain and motivate competent resources, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company. Copy of the policy is uploaded on the Company's website at https://www.happiestminds.com/investors/policy-documents/

We confirm that the remuneration paid to Directors, Key Managerial Personnel and Senior Management Personnel is in accordance with the said policy of the Company. The statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached to this report as Annexure II.

None of the Executive Directors of the Company were in receipt of any commission from the Company or any remuneration from the subsidiaries of the Company.

Familiarization Program for Independent Directors

The Company has in place a familiarization program for its Independent Directors. The objective of the program is to familiarize Independent Directors on our Board with the business of the Company, industry in which the Company operates, business model, challenges etc. through various programs which largely around interaction with subject matter experts within the Company, meetings with our business leads and functional heads on a regular basis.

The familiarization program and other disclosures as specified under the Listing Regulations is available on the Company's website at https://www.happiestminds.com/investors/disclosures/Details-of-Familiarization-programme.pdf

Board Evaluation

Since your Company became listed only from the part of the financial year under review, it could not conduct an exercise to evaluate the performance of the Board, Committees of the Board, Chairman of the Board, Individual Directors and the Independent Directors. However, it proposes to do from the current financial year onwards on an annual basis.

Committees of the Board

The details of the powers, functions, composition and meetings of the Committees of the Board held during the year are given in the Report on Corporate Governance section forming part of the Annual Report.

Board Meetings

The Board of Directors of the Company met fourteen times during the year under review. The details of these Board Meetings are provided in the in the Report on Corporate Governance section forming part of the Annual Report. The necessary quorum was present for all the meetings. The maximum interval between any two meetings did not exceed 120 days.

Corporate Governance

Your Company has taken adequate steps to adhere to all the stipulations laid down in the Listing Regulations. A report on Corporate Governance is disclosed separately in the Annual Report.

A Certificate from M/s. V Sreedharan & Associates, a firm of Company Secretaries in practice, confirming the compliance with the conditions of Corporate Governance as stipulated under the said Regulations is attached as Annexure VII to this Report.

Employees Stock Option Plan (ESOP)

Your Company had three ESOP schemes viz., ESOP 2011, ESOP 2015 and US ESOP 2011. With effect from May 13, 2020 i.e., prior to IPO, your Company merged ESOP 2011 into ESOP 2015. Post IPO, the new employee stock option plan called 'Happiest Minds Employee Stock Option Scheme 2020' (**"ESOP 2020"**), which is in compliance with the requirements of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, is in effect.

In view of the new scheme, no further grant of employee stock options will be made under the old schemes i.e., merged ESOP 2015 or under US ESOP 2011. All further grants of employee stock option will only be made under the new employee stock option plan i.e. ESOP 2020.

During the year under review, no fresh grants were made ESOP 2020, but however, your Company facilitated transfer of 673,280 Equity Shares of ₹2/- each by the Happiest Minds Technologies Share Ownership Plans Trust to the employees who exercised their options under the old schemes.

The additional details of stock options are provided under Notes to Financial Statements (Standalone).

Pursuant to the requirements of the SEBI (Share Based Employee Benefits) Regulations, 2014, a certificate has been issued by the Statutory Auditors of the Company confirming that the Plan has been implemented in accordance with the said Regulations and in accordance with the resolution passed by the Company in the General Meeting.

As required under the SEBI (Share Based Employee Benefits) Regulations, 2014, the applicable disclosures as on March 31, 2021 are uploaded on the website of the Company at https://www.happiestminds.com/investors/disclosures/.

Code for Prevention of Insider Trading

Your Company has adopted a Code of Conduct to regulate, monitor and report trading by designated persons and their immediate relatives as per the requirements under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. This Code of Conduct also includes code for practices and procedures for fair disclosure of unpublished price sensitive information which has been made available at https://www.happiestminds.com/investors/policy-documents/

Vigil Mechanism

The Vigil Mechanism as envisaged in the Companies Act, 2013, the Rules prescribed thereunder and the Listing Regulations is implemented through the Company's Whistle Blower Policy to enable all its employees, consultants (part time, full time and temporary employees) of the Company and its subsidiary companies and its associate companies to report genuine concerns, to provide for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee. Your Directors affirm that no employee/consultant has been denied access to the Audit Committee.

The Whistle Blower Policy is available at https://www.happiestminds.com/investors/policy-documents/

During the year under review, your Company did not receive any complaints under the said policy.

Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 read with read with Rule 12 of the Companies (Management and Administration) Rules, 2014, copy of the Annual Return of the Company for financial year 2019-20 prepared in accordance with Section 92(1) of the Act has been placed on the website and is available at https://www.happiestminds.com/investors/disclosures/

Software Technology Park

The entire Indian operations of the Company have been registered under the Software Technology Parks of India (STPI) Scheme.

Fixed Deposits

Your Company has not accepted any fixed deposits during the year under review and as such, no amount of principal or interest was outstanding on the date of Balance Sheet.

Significant & Material Orders passed by the Regulators or Courts or Tribunals

During the year under review, your Directors confirm that there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of your Company and its future operations.

Loans, Guarantees and Investments

Pursuant to Section 186 of the Companies Act, 2013 and Schedule V of the Listing Regulations, disclosure on particulars relating to Loans, Advances, Guarantees and Investments are provided as part of the financial statements.

Related Party Transactions

The policy on related party transactions is available at https://www.happiestminds.com/investors/policy-documents/

Particulars of the Contracts or Arrangements with related parties referred to in Section 188(1) in the format specified as Form AOC-2 forms part of this Report as Annexure III. Further details of related party transaction are provided in Notes to Financial Statements (both Standalone and Consolidated).

All the Related Party Transactions entered by your Company with the Related Parties are in the ordinary course of business and are carried out at arm's length pricing.

During the year under review, your Company has not provided any loans/advances in the nature of loan to any subsidiary company, associates and firms/companies in which Directors are interested.

Auditors & Auditors Report

The current Statutory Auditors of the Company M/s. S.R. Batliboi and Associates LLP, Chartered Accountants (ICAI registration number 101049W/ E300004) will hold office till the conclusion of ensuing tenth Annual General Meeting of the Company. Based on the recommendations of the Audit Committee, the Board at its meeting held on May 12, 2021 has approved appointment of M/s. Deloitte Haskins & Sells (ICAI registration number 008072S) as Statutory Auditors for a term of 5 years i.e., from the conclusion of the ensuing 10th AGM upto the conclusion of the 15th AGM, subject to Members approval.

The Auditors Report does not contain any qualification, reservation, or adverse remark on the financial statements for the financial year ended March 31, 2021. The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed M/s. V Sreedharan & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report issued by them for the financial year ended March 31, 2021 is attached as Annexure VIII to this Report. The Secretarial Audit Report does not contain any qualifications, reservations, or adverse remarks.

During the year under review, the Statutory Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees, to the Audit Committee under Section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

Sustainability and Corporate Social Responsibility (CSR)

Company's Sustainability, Environment, Social and Governance Reporting is provided separately as part of the Annual Report.

The annual report on CSR including a brief outline of the CSR Policy and the activities undertaken during the year under review is enclosed as Annexure IV to this Report. The CSR policy is available at https://www.happiestminds.com/investors/policy-documents/.

Risk Management

Your Company under the supervision of the Executive Board has established a well-defined framework and procedures on organization wide risk and its management. The framework encompasses significant risk in areas of Information security, operations, delivery, and key support functions. Under the framework and procedures, detailed risk management guidelines have been prescribed and implemented covering Risk Identification, Analysis, Response, Tracking, and Management Discussion and Mitigation. Risk registers are maintained by respective functions and project teams. These are centrally reviewed and periodically monitored by compliance and governance teams identified as the owner for the area of risk. The CISO, CIO and Engineering and Business Excellence Team (EBE) work together with the Executive Board in achieving the above.

The Executive Board with the assistance of the CISO, CIO and EBE follow a process covering the steps below in identifying areas of risk in the Organization. The process covers:

- Identification of key risk areas
- Assessment of key risks for probability and impact
- Prioritization
- Formulation of response
- Identification of Owners
- Participation by Owners in outlining mitigation plans
- Reporting on adequacy and effectiveness
- Acceptance of residual risk

Your Company while designing its strategy in drawing up of its long term business plan, it makes provision to accommodate broader/ higher level of risk than it expects/envisages so that Company is prepared to sustain in the eventuality of unforeseen level of risk.

Significant risks areas which have been identified and are constantly monitored are:

1. **Financial Risks:**
   a. Foreign currency fluctuation;
   b. Customer credit;
   c. Profitability and sustenance of the business;
   d. Availability of credit and liquidity management.

2. **Business Risks:**
   a. Concentration of revenues;
   b. New, emerging disruptive technologies and their impact on business, and delivery;
   c. Shrinking product development cycles.
   d. Customers insourcing.

3. **Operational Risks:**
   a. Data privacy, social media
   b. Talent availability and timely staffing of projects
   c. Optimal resource utilization
   d. Contractual commitments and project delivery challenges
   e. Business continuity
   f. COVID 19 Pandemic

4. **Legal and Regulatory:**
   a. Compliance with local legislation in the geographies we operate in
   b. Dynamic and ever changing immigration and travel laws.

5. **Projects Delivery related risk**
   a. Related to change meeting timelines, estimated effort
   b. Quality of deliverables

6. **Information Security Risks**
   a. Loss of Customer Artifacts, Digital Assets (Code, database etc.,) or IP
   b. Privacy breach, sharing of sensitive data e.g. PII without requisite approvals
   c. Malware and Ransomware attacks

Oversight of the framework is provided by the Risk Management Committee of the Board of Directors A Risk Management Policy has also been adopted based on this framework, copy of the policy is available at https://www.happiestminds.com/investors/policy-documents/.

People Practices

People well-being was the key theme for FY'21. Your Company saw 99% of the workforce working virtually, adapting to the new normal. Your Company's People Practice function worked closely with the business to help Happiest Minds manage the transition to a complete Work from Home. The people function focused on 3C's Communication, Care, and Collaboration framework to support Happiest Minds through the pandemic.

The business environment was quite volatile from the beginning. All the existing organizational processes and structures needed a major rehaul to adapt to the virtual work environment. Continuous communication was vital to reduce anxiety and ambiguity among people. People Practice conducted multiple connect programs, including the virtual town hall, leadership connects, benefits communication series, regular communication from Executive Board, People Practice, and Business Leaders to alleviate all apprehension about job security, business future, etc., and build trust and confidence among team members.

People's well-being is the topmost priority for your Company. Under the Care program, your Company launched many initiatives to support Happiest Minds and their families, including Tele Doctor Consultation, Mithra – for Counselling Support, COVID Leaves, Leave Donation Program, Ergonomics consultation, parenting under lockdown, and multiple webinars on emotional, physical and financial wellness.

Happiest Minds working from Home from different cities and towns virtually required a different level of collaboration. Your Company constituted COVID Taskforce to make quick decisions to adapt to the changing environment, use collaborative technology tools for collaboration and engagement, and Internal First Responder Team to support COVID affected Happiest Minds and their families. There was an immense focus on recognizing the exemplary efforts of Happiest Minds, who provided uninterrupted services to the customers during these challenging times. Intensive Reward and Recognition program were organized, including a personalized note of appreciation to the Happiest Minds and their families from the leadership.

Your Company implemented corporate-wide recruitment, onboarding, up-skilling, training, talent development, performance evaluation, talent review, succession planning, and compensation programs without any significant disruption. The people practice function has a representative present in each major geographies to support Happiest Minds. Your Company conducted the Happiest Minds Pulse Survey in which 93% of Happiest Minds affirmed that they have enhanced their effort towards personal well-being and happiness since they joined the Company.

As per the Great Place to Work ("GPTW") survey results, your Company was awarded and was among Top 100 India's Best Companies to Work for in 2020, among Top 50 India's Best Workplaces for Women by GPTW. Your Company also got recognized as the 'Diversity & Inclusion (D&I) Company of the Year' by the Women Leadership Forum of Asia & LNOD Round Table. Many other people and culture awards speak volumes about the people's practices in the Company.

Your Company continually strives to provide people with competitive and innovative compensation packages. We work with industry partners and consultants to benchmark our compensation and benefits programs with leading organizations in the industry. Our compensation packages include a combination of fixed salary, variable pay, stock options, health insurance, and unique benefits like Leave Donation, Flexi work, etc.

Quality Management System (QMS)

1. Quality Policy

"Happiest Minds will consistently strive for customer happiness. We are committed to deliver excellence in our services by continually improving processes and systems, aiding in creating value to all our stake holders".

2. QMS Framework

Our strategy for continual quality improvement journey is derived based on the business needs, technology changes, customer feedback, suggestions, and process performance. Our quality processes are derived from industry best practices as well as from our experience, and our processes have been assessed by external accredited agencies. Your Company has received accreditation on international quality and process models, including ISO 9001:2015. In addition, your Company is certified to Information Security standards like ISO 27001:2013, which guides our policies and procedures for protecting our own and as well customers' software enablers.

3. Engineering Practices

Engineering practices form the crux of successful delivery. Our engineering practices help your Company deliver high-quality software to its customers and consistently earn their trust. We measure the satisfaction levels of our customers every year and have seen a significant improvement in the scores, year on year since inception. We have adopted Agile practices to support our Mission of "Born Digital. Born Agile".

4. Code Quality

Our projects that are adopting Agile methodologies are using JIRA Plan, Track, Integrate with other code quality tools and manage the projects to decrease the turnaround of the shippable products to our customers.

5. Rapid Iteration and Experimentation

Fail fast and learn quickly - Agile teams develop solutions through fast cycles of field testing and learning from mistakes. Products and solutions are developed iteratively using minimum viable products i.e., minimum set of features needed to test and learn.

6. DevOps and automation

Your Company has deployed DevOps practices which includes build automation, continuous integration, code analysis, and unit testing along with engineering practices such as continuous delivery or automatically deploying to an environment with a test suite to evaluate the software in the environment.

Some of the practices like continuous deployment, pushing a new release into production based on passing of all the tests, checking code and software quality in the build pipeline and leverage the build pipeline to get feedback on the health of their software, etc help your Company to decrease the turnaround to the customers and build a better quality products.

7. Information Transparency

The accessibility, accuracy, and availability of quality, unfiltered data which is critical for organizational agility is deployed across the organization. Team members can easily share ideas from, and results of, their work with those who might benefit from the information.

8. Continuous Learning

At your Company, continuous learning happens on both the individual and organizational level. At the organizational level, structured processes and tools have been enabled to share the tribal knowledge. This helps the information learned through experimentation and experience is available across the organization.

9. Delivery Methodologies

Our suite of delivery methodologies in the below mentioned areas demonstrates our thought leadership and execution capabilities viz., Agile methodologies, Service delivery lifecycle, Application Support and Maintenance life cycle, Embedded system software, and Waterfall model for Software development.

10. Integrated Project Management System

Our Integrated Project Management system helps the delivery to have an end-to-end view of the project at all levels of the management so as to provide enhanced delivery value to our customers.

11. Involve to Evolve

We drive the continual improvement programs by actively engaging the team members across the organization. Focused groups will be formed to make the resources part of the continual improvement journey to bring in Agile community of practice, technical experts from Practice, estimation work group and internal audit community.

The continuous measurement of benefits accrued from your Company's process improvement initiatives has brought to light a significant reduction in rework, increase in productivity, adherence to schedules and budget, and significant added value, culminating in customer delight.

12. Rewards and Recognitions

The team members/teams are rewarded for their exemplary work towards process improvements and customer delight with awards such as Code excellence award, Service Delivery excellence award, etc.

13. Customer Connect

Your Company has customer experience framework to understand the behaviors, needs and expectations of individual customers which helps in developing a roadmap for continuous engagement and enriching the customer relationship. As part of this framework, we conduct Customer happiness Survey, Customer Pulse, bringing Value adds, etc

Whenever there is a customer escalation related delivery or staffing, the concerned manager will raise the escalation in Redmine. An action item for the same is created and assigned to the respective team member to track, monitor the status of the escalation. The closure of the escalation of the communicated back to the customer.

Internal Control System

Your Company has deployed adequate Internal Control Systems in place to ensure a smooth functioning of its business. The processes and the systems are reviewed constantly and changed to address the changing regulatory and business environment. The Control Systems provide a reasonable assurance of recording the transactions of its operations in all material aspects and of providing protection against misuse or loss of Company's assets. The ERP system which the Company had implemented has helped in further strengthening the internal control systems that are in place.

The existing internal control systems and their adequacy are frequently reviewed and improved upon to meet the changing business environment. The statutory auditors as well as the internal auditors periodically review the internal control systems, policies and procedures for their adequacy, effectiveness and continuous operation for addressing risk management and mitigation strategies.

Conservation of Energy, Research and Development, Foreign Exchange Earnings and Outgo

Your Company has made the necessary disclosures in Annexure V to this Report in terms of Section 134(3) of the Companies Act, 2013 (earlier Section 217(1)(e) of the Companies Act, 1956), read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

Employees' Remuneration

As per the proviso to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the statement containing the names and other details of employees drawing more than ₹ 10.2 million per financial year or ₹ 0.85 million per month, as the case may be, are set out in the Annexure VI to the Board's Report. Further, as per the proviso to Rule 5(3) of the said Rules, the particulars of employees posted and working outside India not being directors or their relatives, need not be included in the statement but, such particulars shall be furnished to the Registrar of Companies. Accordingly, the statement included in this Report does not contain the particulars of employees who are posted and working outside India. If any Member is interested in obtaining a copy thereof, such Member may write to the Company in this regard.

Directors' Responsibility Statement

Pursuant to the requirement under Section 134 (5) of the Companies Act, 2013, with respect to Directors Responsibility Statement, it is hereby confirmed that:

(i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(ii) Accounting policies have been selected and applied them consistently and made judgments and estimates made are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the financial year 2020-21 and of the profit or loss of the Company for that financial year;

(iii) Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The Annual Accounts have been prepared on a going concern basis.

(v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating efficiently.

Your Directors', have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

Secretarial Standards

During the year under review, your Company has duly complied with Secretarial Standard 1 dealing with Meetings of the Board of Directors & Secretarial Standard 2 dealing with General Meetings, as issued by the Institute of Company Secretaries of India.

Cost Audit

The provisions of Companies (Cost Records and Audit) Rules, 2014 are not applicable to your Company.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company is committed to promote a safe and professional work environment, that fosters teamwork, diversity and trust across. Your Company has a gender neutral Anti-Sexual Harassment Policy at workplace which is also in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the applicable rules. Internal Committee has been set up to redress complaints received regarding sexual harassment. We have also appointed a lawyer as an external Internal Committee member, who specializes in Prevention of Sexual Harassment ("POSH") and Protection of Children against Sexual Offences Acts.

All employees regardless of position or contractual status, i.e., permanent, short-term contract, visitors and casual employees are covered under this Policy. The POSH awareness program is mandated to all Happiest Minds. During lockdown as most of our employees were working remotely, we had sent communications on the applicability of the POSH during remote working times along with do's and don'ts under POSH.

During the year under review, there were no complaint with allegation of sexual harassment was filed with Internal Committee.

Events Subsequent to the date of Financial Statements

As on the date of this Report, your Directors are not aware of any circumstances not otherwise dealt with in this Report or in the financial statements of your Company, which would render any amount stated in the Accounts of the Company misleading.

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

Acknowledgements

Your Directors have pleasure in recording their appreciation for all the guidance and co-operation received from all its customers, Members, investors, vendors, partners, bankers government authorities and other stakeholders for their consistent support to your Company in its operations. Your Directors take this opportunity to place on record their sincere appreciation of the dedication, contribution and commitment of all Happiest Minds in Company's growth and successful IPO.

For and on behalf of the Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 4, 2021

Annexure I to Board's Report

Form AOC-1

(Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

Sl. No.	Particulars	
1.	Name of the subsidiary	Happiest Minds Inc
2.	The date since when subsidiary was acquired	January 1, 2021
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	January 1, 2021 to March 31, 2021
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Reporting Currency – USD Exchange Rate -73.17
		(Amount in ₹ Lacs)
5.	Share capital	73
6.	Reserves and surplus	352
7.	Total assets	5,669
8.	Total Liabilities	5,244
9.	Investments	-
10.	Turnover	1,954
11.	Profit before taxation	54
12.	Provision for taxation	-
13.	Profit after taxation	54
14.	Proposed Dividend	-
15.	Extent of shareholding (in percentage)	100%

Notes:

1. Names of subsidiaries which are yet to commence operations- Nil
2. Names of subsidiaries which have been liquidated or sold during the year- Nil
3. Part B of the Annexure is not applicable as there are no Associate Companies / Joint ventures of the Company as on March 31, 2021

For and on behalf of the Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Praveen Kumar Darshankar
Company Secretary
Membership No. F6706

Bengaluru
Dated: June 4, 2021

Annexure II to Board's Report

Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The ratio of the remuneration of each Director and Key Managerial Personnel to the median remuneration of the employees of the Company for the financial year ended March 31, 2021 and percentage increase in remuneration compared to last financial year:

Name of the Director/KMP	Designation	% increase in remuneration compared to last FY	Ratio to median remuneration of employees
Mr. Ashok Soota	Executive Chairman	-	9.73
Mr. Venkatraman Narayanan*	Managing Director & CFO	12%	10.21
Mr. Joseph Vinod Anantharaju**	Executive Vice Chairman	12%	27.37
Mrs. Anita Ramachandran#	Independent Director	NA	2.27
Mr. Rajendra Kumar Srivastava#	Independent Director	NA	2.73
Mrs. Shubha Rao Mayya#	Independent Director	NA	2.27
Mr. Avneet Singh Kochar##	Non-Executive Director	-	-
Mr. Praveen Kumar Darshankar	Company Secretary & Compliance Officer	-	3.64

Note:

(a) For the purpose of calculation of median, salary at global level with conversion rate as of March 31, 2021 has been considered. The median salary at global level of employment is ₹ 11,00,000 and at India level of employment is ₹ 10,50,000.

(b) *Re-designated as Managing Director with effect from November 4, 2020 and was Executive Director for full financial year

(c) **Appointed with effect from November 4, 2020 and was in employment for full financial year

(d) #Appointed with effect from June 4, 2020

(e) ##Resigned with effect from closing hours of November 4, 2020

2. Percentage increase in the median remuneration of employees in the financial year ended March 31, 2021:

   There was a decrease in the median by 3.15%. This has been arrived by comparing the median remuneration of the cost-to-the Company as on March 31, 2021 as compared to previous year as on March 31, 2020.

3. No. of permanent employees on the rolls of Company as on March 31, 2021 was 2,818.

4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

   On an average, there were no increases made in the remuneration of the employee of the Company due to the Covid-19 pandemic.

5. Affirmation that the remuneration is as per the remuneration policy of the Company:

   Your Company affirms that the remuneration of Directors and Key Managerial Personnel was as per the Remuneration Policy of the Company.

For and on behalf of the Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 4, 2021

Annexure III to Board's Report

FORM NO. AOC.2

Details of Related Party Transaction

(Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

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

(a)	Name(s) of the related party and nature of relationship	**Not Applicable.**
(b)	Nature of contracts/arrangements/transactions	There were no transactions or arrangements which were not at arm's length and which were not in the ordinary course of business during financial year 2020-21.
(c)	Duration of the contracts/arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	Date of approval by the Board	
(g)	Amount paid as advances, if any:	
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

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

(a)	Name(s) of the related party and nature of relationship	**Not Applicable.**
(b)	Nature of contracts/arrangements/transactions	There were no material contracts or arrangements with related parties during financial year 2020-21.
(c)	Duration of the contracts/arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	
(e)	Date(s) of approval by the Board, if any:	
(f)	Amount paid as advances, if any:	

For and on behalf of the Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 4, 2021

Annexure IV to Board's Report

Annual Report on CSR

[Pursuant to Section 134(3)(o) of the Act and Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. **Brief outline on CSR Policy of the Company:**

   The CSR policy has been instituted based on the Corporate Social Responsibility (CSR) philosophy of your Company and is committed to undertake CSR activities in accordance with the CSR Regulations. Your Company conducts its business in a sustainable and socially responsible manner. This principle has been an integral part of the Company's corporate values and believes that corporate growth and development should be inclusive, and every Company must be responsible and shall contribute towards betterment of the society. Your Company is committed to the safety and health of the employees, protecting the environment and the quality of life in all regions in which your Company operates. Further, with respect to the Company's CSR philosophy, the Board has constituted the "CSR Committee" as its core CSR team, as a means of fulfilling this commitment.

   The CSR activities of the Company are as per the provisions of Schedule VII of the Companies Act, 2013 and CSR Policy gives an overview of the projects and programmes which are proposed to be undertaken by the Company in the coming years.

2. **The Composition of the CSR Committee:**

Sl. No.	Name of the Director	Nature of Directorship	Designation	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Joseph Anantharaju*	Executive Director	Chairperson	1	1
2	Ashok Soota	Executive Director	Member	2	2
3	Shubha Rao Mayya	Independent Director	Member	2	2
4	Avneet Singh Kochar**	Non-Executive Director	Chairperson	1	1

*Appointed with effect from November 4, 2020

** Resigned with effect from closing hours of November 4, 2020

3. **Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:**

   a) CSR Committee: https://www.happiestminds.com/investors/disclosures/Board-and-Board-Committees.pdf

   b) CSR Policy: https://www.happiestminds.com/investors/policy-documents/HappiestMinds-CSR-Policy.pdf

   c) CSR projects approved by the Board: https://www.happiestminds.com/investors/disclosures/CSR-Project-approved-by-the-Board-for-FY-2020-21.pdf

4. **Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):**

   Not Applicable

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in lacs)	Amount required to be set-off for the financial year, if any (in lacs)
1	2019-20	0	0
2	2020-21	0	0

6. **Average net profit of the Company for last three financial year as per section 135(5):**

Sl. No.	Particulars	Amount (in Lacs)
1	FY 2019-20	8,551
2	FY 2018-19	3,825
3	FY 2017-18	(2,718)
Average net profit of the Company for last three financial year		**3,219**

7. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):**

Sl. No.	Particulars	Amount (in ₹ Lacs)
a	Prescribed CSR Expenditure (2% Average net profit of the Company for last three financial year as per section 135(5))	64
b	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	-
c	Amount required to be set off for the financial year, if any	-
d	Total CSR obligation for the financial year (7a+7b-7c)	64

8. **Details of CSR spent during the financial year:**

(a) CSR amount spent or unspent for the financial year:

Total Amount Spent	Amount Unspent (in ₹ Lacs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
75	Nil	NA	NA	Nil	NA

(b) Details of CSR amount spent against ongoing projects for the financial year: Nil

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in ₹ Lacs)	Mode of implementation- Direct (Yes/No).	Mode of implementation- Through implementing agency.	
				State	District			Name	CSR registration number
1.	THE AKSHAYA PATRA FOUNDATION	Education	YES	Bengaluru, Karnataka	75	YES	-	-	
	Total				**75**				

(d) Amount spent in Administrative Overheads : Nil

(e) Amount spent on Impact Assessment, if applicable: Not applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 75 lacs

(g) Excess amount for set off, if any:

Sl. No.	Particular	Amount (in ₹ Lacs)
(i)	Two percent of average net profit of the Company as per section 135(5)	64
(ii)	Total amount spent for the Financial Year	75
(iii)	Excess amount spent for the financial year [(ii)-(i)]	11
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	11

9. (a) **Details of Unspent CSR amount for the preceding three financial years:** NIL

   (b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):** NIL

10. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:**

    There was no creation or acquisition of capital asset through CSR spent in the financial year

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

    The Company has spent more than what is prescribed under the CSR regulation. Hence not applicable.

For and on behalf of the Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 4, 2021

Annexure V to Board's Report

A. Conservation of Energy

Your Company is in a knowledge intensive industry, and does not operate industrial machinery, production facilities, or other such energy intensive operations. However, as a responsible corporate citizen, it continues to pursue and adopt appropriate energy conservation measures. Some of the conservative measures, which your Company has already implemented are:

- Optimum usage of Air Conditioners throughout its premises by ensuring that there is no cool air leakage.
- Usage of LCD monitors (energy efficient) in place of normal CRT monitors
- Turning off lights in all floors when employees are not working
- Turning off the air conditioners during non-peak hours and on weekends.
- Usage of treated water to recharge ground water.
- Installation of sun film to dissipate heat
- Usage of LED lights for all its lighting solution

During the year under review, due to pandemic, since most of our employees/consultants were working from home, there was minimal or nil usage of energy at the office premises.

We are in touch with GAIL for gas pipeline to be used for DG sets as an alternative to diesel. We are also evaluating to have UV light for our AHUs.

As the cost of energy consumed form a small portion of the total cost, the Company has not utilized alternate sources of energy and has not made any recognizable capital investment on energy conservation equipment.

B. Technology Absorption

Technology Absorption, adaption and innovation

Your Company continues to track trends and latest developments in various technology areas, including those related to mobility, big data analytics, security, cloud computing, IoT, unified communications. Your Company has taken major initiatives and upped its leadership in IoT and Analytics Space. Your company developed solutions in Digital Process Automation leveraging intelligent process automation tools and technologies. It has also deepened in partnership with Microsoft for the Azure Implementations and with Amazon AWS as consulting partner. Your Company has also entered in Education and Industrial space, which helps increase the knowledge base within your Company, and enhances the ability of your Company to undertake larger and more complex projects which are of higher value. Your Company started to invest in emerging technologies like Robotic Process Automation, AI, Blockchain, Robotics with additional space around Drones. Your Company also undertakes continuous quality improvement programs, training programs, deployment and use of tools and technologies for monitoring projects, etc., to help increase efficiencies and productivity.

Research and Development

i) Specific Areas of Research and Development

During the year under review, your Company continued building technology in IoT, Mobility, Big Data & Analytics, Security and Cloud Technologies that will have a major impact on the global technology landscape with the objective of increasing the sales volumes and improving delivery capability. Your Company continued developing capabilities and creating solutions in newer technologies like RPA, AI, Blockchain, Robotics & Drones leveraging Computer Vision). Your Company has created additional solutions like Cognitive QA to help customers with efficient testing. Your Company has developed IP & Solutions and new services through R&D investment and has built Compliance Vigil, Ellipse – Infrastructure Management, Digital Content Monetization, Pro-RiTE Test Automation solution, UniVu-University Insights Solution and Thing Center – Consumer IoT platform. Your Company also developing joint IP with customers with innovative solutions around Drones & Chatbots.

ii) Benefits derived as a result of the above R&D

Your Company has gained considerable mind share in the industry by venturing into IP led state of the art solutions as mentioned above. These concerted efforts also helped your Company in acquiring new customers in the focus geographies and increased the share of IP-led revenues for the Company.

iii) Future Plan of action

Your Company is continuing to leverage its efforts on digital technologies including increased efforts on IoT, Big Data and Analytics, Digital process automation, Security and Customer Experience. Your Company continues to develop solutions in new disruptive technologies of Robotics Process Automation (RPA), Artificial Intelligence (AI), Blockchain, Robotics & Drones.

iv) Expenditure on R&D

R&D is carried on by the Company as a part of the ongoing software development activity and expenditure thereof is considered as part of operating expenditure. Total expenses on R&D during FY 2020-21 was ₹ 145.02 Mn as against ₹ 152.3 Mn during FY 2019-20.

C. Foreign Exchange Earnings and Outgo

i. Activities relating to exports, initiatives taken to increase exports, development of new export market for services and export plans

During the year under review, your Company has taken various initiatives to expand its presence into new geographies by engaging consultants and business partners and been successful in building visibility about our services and offering to key clients. Your Company is also continuing to invest in online media and social networking to build its brand visibility.

ii. Foreign exchange used and earned

Amount in ₹ Lacs

	March 31, 2021	March 31, 2020
Foreign exchange earnings	66,758	61,633
Foreign exchange outgo	16,627	20,642

For and on behalf of the Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 4, 2021

Annexure VI to Board's Report

Particulars of employees pursuant to Section 134 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel), 2014 and forming part of the Board's Report for the financial year ended March 31, 2021.

Name	Designation in the Company	Qualification	Remuneration for Fiscal 2021 (in ₹)	% ge of equity shares on fully diluted basis	Experience (Years)	Age	Date of Joining	Last Employment
Chaluvaiya Ramamohan	President-IMSS	Electrical Engineer	11,987,081	0.34%	32	59	11-Dec-2017	Mindtree Limited
Ashok Soota	Executive Chairman & Director	Electrical Engineer & Master in Business Management	12,841,529	53.12% (including shares held thru LLP)	54	78	1-April-2011 (re-appointed from Aug 1, 2019)	Mindtree Limited
Aurobinda Nanda	President – PES	Post Graduate in Computer Applications	11,142,108	0.60%	28	52	1-Aug-2011	Mindtree Limited
Venkatraman Narayanan	Managing Director & CFO	Chartered Accountant & Law graduate	11,249,279	0.57%	26	50	23-April-2015	Sonata Software Limited

Note:

1. All the employees included in the table above are permanent employees of the Company and their appointments are non-contractual.
2. None of the above employees are relative of any Directors.
3. In calculating the above remuneration ESOP value has not been considered.

For and on behalf of the Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 4, 2021

Annexure VII to Board's Report

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identity No : L72900KA2011PLC057931
Nominal Capital : ₹ 58,90,00,000/-

To

The Members of Happiest Minds Technologies Limited,

We have examined all the relevant records of **Happiest Minds Technologies Limited** for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2021. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance.

This certificate neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with all the mandatory conditions of Corporate Governance as stipulated in the said Regulations. As regards Discretionary Requirements specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has complied with items C and E.

NOTE: Due to Covid-19 pandemic situation, we have conducted online verification and examination of records, as facilitated by the Company for the purpose of issuing this Certificate.

For V. Sreedharan & Associates
Company Secretaries

Pradeep B. Kulkarni
Partner
F.C.S.7260; C.P.No.7835
UDIN Number F007260C000282051

Place: Bengaluru
Date: May 12, 2021

Annexure VIII to Board's Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to Sub Section (1) of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the Financial Year Ended March 31, 2021

To,
The Members,
Happiest Minds Technologies Limited,
53/1-4, Hosur Main Road, Madivala,
(Next to Madivala Police Station),
Bengaluru - 560068

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. There was no External Commercial Borrowing by the Company during the period under review;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not Applicable to the Company during the Audit Period)**;

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)**;

h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; **(Not Applicable to the Company during the Audit Period)** and

i. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

vi. Other laws applicable specifically to the Company namely:

a. Information Technology Act, 2000 and the rules made thereunder

b. Software Technology Parks of India rules and regulations

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.

ii. Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

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

We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous, and no dissenting views have been recorded.

We further report that Based on the review of systems and processes adopted by the Company and the Statutory Compliance self-certification by the Managing Director of the Company which was taken on record by the Board of Directors, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

We further report that during the audit period, except for the following events, there was no event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.,

a. Mr. Venkatraman Narayanan (DIN: 01856347) Whole-time Director who was earlier designated at Chief Financial Officer and Executive Director is designated as Managing Director and Chief Financial Officer of the Company with effect from November 04, 2020.

b. The Company at the Extra Ordinary General Meeting held on May 13, 2020 has reclassified its Authorised share capital from ₹ 58,90,00,000/- (Rupees Fifty-Eight Crores Ninety lacs only) divided into 5,00,00,000 (Five Crores only) Equity Shares of par value of ₹ 2/- each and 7,50,000 (Seven lacs Fifty Thousand) Non-Cumulative Compulsorily Convertible Preference Shares (Series A Preference Shares) of par value of ₹ 652/- each to 22,93,00,000 (Twenty-Two Crores Ninety-Three lacs) Equity Shares of par value of ₹ 2/- each and 2,00,000 (Two lacs) Non-Cumulative Compulsorily Convertible Preference Shares (Series A Preference Shares) of par value of ₹ 652/- each.

c. The Company has issued its Equity Shares by way of Initial Public Offer (IPO) and Board in its meeting held on September 15, 2020 accorded consent to allot and transfer of Equity Shares as (i) 66,26,506 Equity Shares be allotted at an Offer Price of ₹ 166 per Equity Share including a share premium of ₹ 164 per Equity Share under the Fresh Issue; and (ii) 3,56,63,585 Equity Shares offered under the Offer for Sale are transferred at an Offer price of ₹ 166 per Equity Share including a share premium of ₹ 164 per Equity Share, to the respective applicants in various categories, in terms of the basis of allotment approved in consultation with and got the Securities listed on the Stock Exchanges (BSE & NSE) on September 17, 2020.

For V. Sreedharan & Associates
Company Secretaries

Pradeep B. Kulkarni
Partner
FCS: 7260; CP No. 7835
UDIN Number F007260C000281963
Peer Review Certificate No. 589/2019

Place: Bengaluru
Date: May 12, 2021

This report (i.e., Form No. MR-3) is to be read with our letter of even date which is annexed as Annexure and forms an integral part of this report.

'Annexure'

To,
The Members,
Happiest Minds Technologies Limited,
53/1-4, Hosur Main Road, Madivala
(Next to Madivala Police Station)
Bengaluru - 560068

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

7. Due to Covid-19 pandemic situation, we have conducted online verification and examination of records, as facilitated by the Company for the purpose of issuing Secretarial Audit Report (Form No. MR-3).

For V. Sreedharan & Associates
Company Secretaries

Pradeep B. Kulkarni
Partner
FCS: 7260; CP No. 7835
UDIN Number F007260C000281963
Peer Review Certificate No. 589/2019

Place: Bengaluru
Date: May 12, 2021

Management Discussion and Analysis of Financial Condition and Results of Operations

Overview

Positioned as "Born Digital. Born Agile", we focus on delivering a seamless digital experience to our customers. Our offerings include, among others, digital business, product engineering, infrastructure management and security services. Our capabilities provide end-to-end solution in the digital space. We believe that we have developed a customer-centric focus that aims to fulfil their immediate business requirements and to provide them strategically viable, futuristic and transformative digital solutions.

We help our customers in finding new ways to interact with their users and clients enabling them to become more engaging, responsive and efficient. We also offer solutions across the spectrum of various digital technologies such as Robotic Process Automation (RPA), Software-Defined Networking/Network Function Virtualization (SDN/NFV), Big Data and advanced analytics, Internet of Things (IoT), cloud, Business Process Management (BPM) and security.

We are focused on remaining at the forefront of emerging technology trends, including in areas such as Blockchain, virtual/augmented reality, drones & robotics, etc.

As of March 31, 2021, we had 173 active customers. Our repeat business (revenue from existing customers) has steadily grown and contributed a significant portion of our revenue from contracts with customers over the years indicating a high degree of customer stickiness.

We believe our agility and resilience has stood out in recent years. In the Fiscal 2021 and in Fiscal 2020, we delivered 93.9% and 90.1% respectively of our projects through agile delivery methodology. Over the years and currently during the ongoing outbreak of Novel Coronavirus, we have successfully implemented our business continuity plans including to achieve efficient work-from-home practices to ensure connectivity across the enterprise.

Our mission statement is "Happiest People. Happiest Customers" and we seek to enable our customers' happiness through our people's happiness. Our culture rests on the foundation of our SMILES Values (Sharing, Mindful, Integrity, Learning, Excellence, Social Responsibility). We believe that the recognitions and awards received by our Company are on outcome of our mindful approach. In the Great Place to Work® 2020 survey, we were ranked among India's Top 50 Best Workplaces for Women and ranked #4 amongst IT services. We have also received the Great Place to Work® Certification. As of March 31, 2021, we had a Glassdoor rating of 4.3 on a scale of '1- 5', 2nd amongst Indian IT services companies.

Our business is divided into the following three Business Units (BUs):

- Digital Business Services (DBS): Our DBS offerings are aimed at (i) driving digital modernization and transformation for our customers through digital application development and application modernization for an improved customer experience, enhanced productivity and better business outcomes; (ii) implementation of solutions, development and implementation of solution, capabilities for improving data quality of the customer's platform, assistance in designing and testing of operations and management of platform and modernization of digital practices; and (iii) consulting and domain led offerings such as digital roadmap, mindful design thinking, and migration of on-premise applications to cloud.

- Product Engineering Services (PES): Our PES BU aims to help our customers capitalize on the transformative potential of 'digital' by building products and platforms that are smart, secure and connected. We provide our customers a blend of hardware and embedded software knowledge which combines with our software platform engineering skills to help create high quality, scalable and secure solutions. Our offerings extend across the development lifecycle from strategy to final roll out while ensuring quality. We get our clients started on this journey with our digital foundry that allows us to build rapid prototypes for our customers and provide a scalable Minimum Viable Product (MVP). We embrace a cloud and a mobile friendly approach along with an agile model that is supported by test automation to help our clients accelerate their time to market and build a competitive advantage.

- Infrastructure Management & Security Services (IMSS): Our IMSS offerings provide an end to end monitoring and management capability with secure ring fencing of our customers' applications and infrastructure. We provide continuous support and managed security services for mid-sized enterprises and technology companies. Specialized in automation of business and IT operations with DevSecOps model and with NOC/SOC, we strive to ensure that the data center, cloud infrastructure and applications are safe, secure, efficient and productive. Our security offerings include cyber and infrastructure security, governance, risk & compliance, data privacy and security, identity and access management and threat and vulnerability management. Our infrastructure offerings include DC and hybrid cloud services, workspace services, service automation (RPA, ITSM & ITOM), database and middleware services and software defined infrastructure services.

Our business units are supported by the following three Centers of Excellence (CoEs):

- Internet of Things (IoT): Our IoT offering includes consulting led digital strategy creation, device/edge/platform engineering, end-to-end system integration on industry standard IoT platforms, IoT security, and IoT enabled managed services, implementing IoT roadmap, deriving insights from connecting assets, connecting manufacturing, supply chain, products and services to deliver IoT led business transformation and new business models aimed at enhancing our customers' operations and customer experience. In Fiscals 2020 and Fiscals 2021, revenues from IoT offerings were 9.8% and 10.5%, respectively.

- Analytics / Artificial Intelligence (AI): Our analytics/AI offering includes implementation of advanced analytics using artificial intelligence, machine learning and statistical models, engineering big data platforms to deal with large volume of data, creating actionable insights with data warehousing, modernization of data infrastructure and process automation through AI. In Fiscals 2020 and Fiscals 2021 revenues from analytics/AI were 11.6% and 13.3%, respectively.

- Digital Process Automation (DPA): Our DPA offering includes consulting led digital transformation through process automation of core business applications, products and infrastructure landscape of our customers, leveraging various intelligent process automation tools and technologies including Robotic Process Automation (RPA), intelligent business process management (iBPMS) and cognitive automation using AI & machine learning based models. In Fiscals 2020 and Fiscals 2021 revenues from DPA were 20.7% and 25.2%, respectively.

  In Fiscals 2020 and 2021, our total income was ₹ 71,423 lacs and ₹ 79,765 lacs, respectively, our EBITDA was ₹ 10,816 lacs and ₹ 21,573 lacs, respectively and our profit for the Fiscal 2020 and 2021 was ₹ 7,171 lacs and ₹ 16,246 lacs, respectively. This represents a CAGR for total income of 18.7% and a CAGR for EBITDA of 204.8% between Fiscal 2018 and Fiscal 2021.

Significant Factors Affecting our Results of Operations

The following is a discussion of certain factors that have had, and will continue to have, a significant effect on our financial condition and results of operations:

Expansion of customer base and new sales to existing customers

Customer relationships are the core of our business. We had an average count of active customers 157 and 173 as of March 31, 2020 and 2021, respectively. Our ability to grow our customer base and drive market adoption of our software is affected by the pace at which organizations digitally transform. We expect that our revenue growth will be primarily driven by the pace of adoption of our offerings. We believe the degree to which prospective customers recognize the need for our offerings to maximize their business process, would lead to a higher budget allocation by such prospective customers for engaging our services. This will drive our ability to acquire new customers and increase sales to existing customers, which in turn, will affect our future financial performance.

We believe that we have benefited from growth in the global software development services industry. Growth in the industry is driven by the needs of major corporations to maintain and upgrade the technology and services required to operate in a cost-efficient manner. Software companies are also increasingly outsourcing work to IT services providers in order to streamline and reduce the cost of the software development process. The Indian software development services market is growing rapidly due to its large pool of skilled IT professionals, highly-developed infrastructure and strong government support and incentives.

We believe we have a substantial opportunity to grow our customer base. We have invested, and intend to continue to invest, in order to drive sales to new customers. In particular, we have made, and plan to continue to make, investments to enhance the expertise of our sales and marketing organization within our key focus industries of Edutech, HiTech, BFSI, Industrial/Manufacturing, and Retail.

Many of our existing customers typically expand their usage of our services products through our cross-selling across our BUs. Our ability to increase sales to existing customers will depend on a number of factors, including the size of our sales force and professional services teams, customers' level of satisfaction with our services and professional services, pricing, economic conditions and our customers' overall budget and spending levels. Our repeat business (revenue from existing customers) has steadily grown and contributed a significant portion of our revenue from contracts with customers over the years indicating a high degree of customer stickiness. We believe that our ability to establish and strengthen customer relationships and expand the scope of our products and services will be an important factor in our future growth and our ability to continue increasing our profitability.

Our ability to develop new products and enhance existing products in accordance with evolving customer needs

The requirements of our customers vary across a range of industries, geographies and service or technical requirements. To service and grow our relationships with our existing customers and to win new customers, we must be able to provide them with products that address their requirements, to anticipate and understand trends in their relevant markets and to continually address their requirements as those requirements change and evolve. In this regard, we believe that our strong culture of innovation, our workforce and our research and testing facilities have enabled us to expand the range of our offerings to customers and improve the delivery of our software platform and services.

If we are able to anticipate and respond to our customers' requirements on a timely and cost-efficient basis, we would expect to receive repeat business from existing customers. Further, leveraging on our present portfolio of customers and expertise in the verticals of our existing customers we aim to develop new customer relationships by identifying potential customers that operate within the same verticals as our existing customers. In addition, if we are able to generate healthy demand for our products and services, we may be able to increase our price, which would consequently lead to an increase in our revenues and profit margins. Conversely, if we are unable to provide innovative services to our customers, either at all or at an acceptable price, or if our customers are dissatisfied with our work for any other reason, it would have an adverse effect on our revenues and our profits.

Our continued growth in the United States market

The US market has historically been our single largest market. In Fiscals 2020 and 2021, our external customers located in the United States contributed 77.5% and 73.4% of our revenue from operations, respectively.

Our continued business growth and financial performance will depend on our ability to continue to grow our customer base in the United States market. The concentration of our revenues from operations from the United States heightens our exposure to adverse developments related to competition, as well as economic, political, regulatory and other changes. Any such adverse development affects the overall economy of the United States may have a material adverse effect on our business, financial condition and results of operations.

Pricing of and margin on our services and revenue mix

For time-and-materials contracts, the hourly rates we charge for our IT professionals are a key factor impacting our gross profit margins and profitability. Hourly rates vary by complexity of the project and the mix of staffing. The margin on our services is impacted by the increase in our costs in providing those services, which is influenced by wage inflation and other factors. As a client relationship matures and deepens, we seek to maximize our revenues and profitability by expanding the scope of services offered to that client and winning higher profit margin assignments.

Continued Relationships with ISVs

Over the years, we have developed strong relationships with several ISVs. We intend to deepen our relationships with our ISVs by offering customized, end-to-end payment transactions and automation solutions and procure repeat orders. Our ability to maintain and strengthen our relationships with such customers is expected to affect our revenues. Our ability to continue offer our products and services is dependent on our continued relationships with such ISVs. We believe that our long-standing relationship with such companies has led to effective knowledge sharing and the adoption of global best practices, thereby enabling us to improve and develop our in-house service capabilities. Further, we believe that such partnerships have also allowed us to develop credibility, as we are able to cater to our customers in a quick and effective manner. Consequently, the development and continued maintenance of relationships with ISVs is a key factor in the operation of our business.

Recruitment, retention and management of IT professionals

Our ability to recruit, retain and manage our IT professionals will have an effect on our gross profit margin and our results of operations. Our IT professional headcount was 2,964 as of March 31, 2021 and 2,420 at March 31, 2020. We manage employee headcount and utilization based on ongoing assessments of our project pipeline and requirements for professional capabilities. An unanticipated termination of a significant project could cause us to experience lower employee utilization resulting from a higher than expected number of idle IT professionals. Our ability to effectively utilize our employees is typically improved by longer-term client relationships due to increased predictability of client needs over the course of the relationships.

Our success depends in large part of our ability to attract, retain and train our employees, in particular highly skilled engineering professionals.

Our employee benefits consists of salaries, wages and bonus, contribution to provident fund and other funds, employee stock compensation expense, compensated absences, gratuity and staff welfare. Salaries and wages in India, including in the services industry, have historically been lower those in the United States, Europe and other developed economies. However, if these costs in India continue to increase at a rate faster than in the United States, Europe and other developed economies due to competitive pressures, we may experience a greater increase in our employee costs, thereby eroding one of our principal cost advantages over competitors in the United States, Europe and other developed economies. In addition, our ability to manage our employee costs will also be heavily impacted by our international and domestic resource mix. For example, any increases in visa fees or healthcare insurance costs for employees located in developed countries such as USA and Canada, would increase our employee costs.

In addition, as we continue to invest in the recruitment and retention of sales staff in line with our growth strategies, we are likely to incur costs in relation to our market penetration, sales and marketing initiatives, and for the recruitment of sales employees located in India and overseas.

Significant Accounting Policies

Revenue recognition

The Group derives revenue primarily from rendering engineering services and sale of licenses. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services. The Group is a principal in rendering engineering services and agent in relation to sale of licenses. Amounts disclosed as revenue are net of trade allowances, rebates and Goods and Services tax (GST), amounts collected on behalf of third parties and includes reimbursement of out-of-pocket expenses, with corresponding expenses included in cost of revenues.

Revenue from the rendering of services and sale of license is recognized when the Group satisfies its performance obligations to its customers as below:

Rendering of engineering services

Revenues from engineering services comprise primarily income from time-and-material and fixed price contracts. Revenue with respect to time and-material contracts is recognized over the period of time as the related services are performed. Revenue with respect to fixed price contracts where performance obligation is transferred over time and where there is no uncertainty as to measurability or collection of consideration is recognized in accordance with the proportionate performance method. The input (efforts expended) method has been used to measure progress towards completion, as there is a direct relationship between input and productivity. Provisions for estimated losses on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. In determining the transaction price for rendering of engineering services, the Group considers the effect of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customers if any. Revenue is recognized net of trade and cash discounts.

Trade receivables

A receivable is recognized if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sale of licenses

The Group is a reseller for sale of right to use licenses and acting as agent in the arrangement. The revenue for sale of right to use license is recognized at point in time when control on use of license is transferred to the customer.

Contract balances

Contract assets: The Group classifies its right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset where the right to consideration is unconditional upon passage of time. Unbilled revenue which is conditional is classified as other current asset. Trade receivables and unbilled revenue is presented net of impairment.

Contract liabilities: A contract liability (which we referred to as Unearned Revenue) is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is received.

Interest income

Interest income is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is included under the head 'other income' in the statement of profit and loss.

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividend income

Dividend income on investments is accounted when the right to receive the dividend is established, which is generally when shareholders approve the dividend. Dividend income is included under the head "Other income" in the statement of profit and loss account.

Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other expenses.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognized in statement of profit and loss in accordance with Ind AS 109. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS and shall be recognized in profit or loss. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Property, plant and equipment

Capital work in progress is stated at cost, net of accumulated impairment loss if any.

Property, plant and equipment are stated at historical cost less accumulated depreciation, and accumulated impairment loss, if any. Historical cost comprises of the purchase price including duties and non-refundable taxes, borrowing cost if capitalization criteria's are met, directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management and initial estimate of decommissioning, restoring and similar liabilities.

Subsequent costs related to an item of property, plant and equipment are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are recognized in statement of profit and loss during the reporting period when they are incurred.

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Property, plant and equipment individually costing ₹ 5,000 or less are depreciated at 100% in the year in which such assets are ready to use.

Depreciation is calculated using the straight-line method over their estimated useful lives as follows:

The estimates of useful lives of tangible assets are as follows:

Class of asset	Useful life as per Schedule II	Useful life as per Group
Furniture and fixtures	10 years	5 years
Office equipment	5 years	4 years
Computer systems	6 years for server 3 years for other than server	2.5-3 years

Leasehold improvements are amortized over the period of the lease or life of the asset whichever is less.

The useful lives have been determined based on technical evaluation done by the management's expert which in certain instances are different from those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The assets residual values and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

An item of intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Goodwill

Goodwill on acquisitions of business is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Group of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or Group of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

An item of intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Amortization methods and periods

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Asset	Life in Years
Computer software	2.5-3 years
Non compete fees	3 years
Customer relations	3 years
Trade mark	3 years
Exclusive license	2 years

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of the each financial year and the amortization period is revised to reflect the changed pattern, if any.

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Subsequent costs related to Intangible assets are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Group operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the

recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Borrowing cost

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

Leases

The Group has lease contracts for various items of computers, vehicles and buildings used in its operations. Lease terms generally ranges between 3 and 10 years.

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

Group as lessee

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

Right-of-use assets

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

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2 (e) for policy on impairment of non- financial assets.

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

Lease and non-lease component

As per Ind AS 116, "As a practical expedient, a lessee may elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component."

The Group have not opted for this practical expedient and have accounted for Lease component only.

Extension and termination option

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Management have not considered any future cash outflow for which they are potentially exposed arising due to extension and termination options.

Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit and loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. If a head lease is a short- term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease, otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

Provisions and Contingent Liabilities

Provisions: Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for warranty

As per the terms of the contracts, the Group provides post-contract services / warranty support to some of its customers. The Group accounts for the post-contract support / provision for warranty on the basis of the information available with the management duly taking into account the current and past technical estimates. The estimate of such warranty-related costs is revised annually.

Contingent Liabilities: A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because

it cannot be measured reliably. The Group does not recognize a contingent liability but discloses it in the Restated Consolidated Summary Statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

Principal Components of our Statement of Profit and Loss

Income

Our total income comprises of revenue from contract with customers and other income.

Revenue from contract with customers

Our revenue from contract with customers comprises of revenue from (i) sale of services and (ii) sale of licenses.

The following table sets forth a breakdown of our revenue from contract with our customers for the periods indicated:

(in ₹ lacs)

	March 31, 2021	March 31, 2020
Sale of services	77,306	69,760
Sale of licenses	35	61
Revenue from contracts with customers	**77,341**	**69,821**

Our revenue from contract with our customers are generated from three business units, namely Infrastructure Management & Security Services, Digital Business Solution and Product Engineering Services.

Infrastructure Management and Security Solutions (IMSS) business unit delivers integrated end-to-end infrastructure and security solutions with specialization in cloud, virtualization and mobility across a multitude of industry verticals and geographies. This group provides advisory, transformation, managed and hosted services, and secure intelligence solutions to our customers. This group has unique productized solution platforms for smart infrastructure and security solutions provides quick to deploy, mature service delivery over Global SOC/NOC. This improves efficiency and serviceability, reduces cost and drives innovation.

Digital Business Solutions business unit delivers high value, cost-effective enterprise applications and customized solutions that enable organizations to be smarter and accelerate business transformations. This group provides advisory, design and architecture, custom-app development, package implementation, testing and on-going support services to IT initiatives. The business drivers for these applications are increasing market share, enhancing customer engagement, improving agility and efficiency of internal operations, reducing cost, driving differentiation and standardizing business processes.

Product Engineering Services business unit assists software product companies in building robust products and services that integrate mobile, cloud and social technologies. This group helps our customers understand the impact of new technologies and incorporate these technologies into their product roadmap. This group focuses on technology depth, innovation and solution accelerators which allow us to deliver time-to-market, growth and cost benefits to our customers.

The following table sets forth our revenue from contracts with customers on the basis of business unit for the period indicated.

(in ₹ lacs)

Disaggregated Revenues Information	March 31, 2021	March 31, 2020
Revenue from Infrastructure Management & Security Services	16,421	15,361
Revenue from Digital Business Solutions	21,288	19,167
Revenue from Product Engineering Services	39,632	35,293
Total revenue from contracts with customers	**77,341**	**69,821**

Other income

Our other income primarily consists of (i) interest income on deposit with banks, financial instrument measured at amortized cost and others, (ii) fair value gain on investment measured at FVTPL, (iii) gain on sale of investments measured at FVTPL and (iv) exchange gain (v) Rent concession.

Expenses

Our expenses comprise of (i) employee benefits expense, (ii) depreciation and amortization, (iii) finance cost and (iv) other expenses.

Employee benefits expense

Our employee benefits expense comprises of (i) salaries, wages and bonus, (ii) contribution to provident fund, (iii) employee stock compensation expense, (iv) gratuity expense, (v) compensated absences and (vi) staff welfare expenses.

The following table sets forth a breakdown of our employee benefits expense for the periods indicated:

(in ₹ lacs)

	March 31, 2021	March 31, 2020
Salaries, wages and bonus	41,522	41,089
Contribution to provident fund	2,087	1,905
Employee stock compensation expense	297	266
Gratuity expense	409	317
Compensated absences	689	382
Staff welfare expenses	234	164
Total employee benefits expense	**45,238**	**44,123**

Depreciation and amortization

Our tangible and intangible assets are depreciated and amortized over periods corresponding to their estimated useful lives. Please see "Significant Accounting Policies" above. Our depreciation and amortization expense comprises of (i) depreciation of property, plant and equipment, (ii) amortization of intangible assets and (iii) depreciation of right-of-use assets.

Finance cost

Our finance cost comprises of (i) interest expense on borrowings and lease liability and (ii) fair value loss on compulsory convertible preference shares (iii) Fair value loss on warrant liability.

Other expenses

Our other expenses primarily comprise of (i) subcontractor charges, (ii) legal and professional fees, (iii) software license cost and (iv) travelling and conveyance.

The following table sets forth a breakdown of our other expenses for the periods indicated:

(in ₹ lacs)

	March 31, 2021	March 31, 2020
Power and fuel	184	449
Subcontractor charges	7,445	7,271
Repairs and maintenance		
- Buildings	101	193
- Equipments	27	25
- Others	209	404
Rent expenses - refer note (ii) below	166	300
Advertising and business promotion expenses	101	263
Commission	174	186
Communication costs	257	289
Insurance	46	36
Legal and professional fees - refer note (i) below	273	1,140
Software license cost	1,788	1,238
Rates and taxes	69	31
Recruitment charges	360	230
Impairment loss allowance on trade receivables	980	706
Impairment loss allowance on unbilled revenue	41	56
Sitting fees to non-executive directors - refer note 38	56	9
Commission to non-executive directors - refer note 38	24	-
Corporate social responsibility ('CSR') expenditure - refer note 39	75	21
Travelling and conveyance	427	2,910
Miscellaneous expenses	151	231
	12,954	**15,988**

Income tax expense

Our income tax expense comprises of current tax, adjustment of tax relating to earlier periods and deferred tax credit.

Exceptional items

Our exceptional items comprise of impairment of goodwill. We have recognized impairment of goodwill in Fiscal 2020 arising out of the acquisition of OSS Cube LLC and a business division acquired from OSS Cube Solutions Limited.

Results of Operations

The following table sets forth our consolidated statement of profit and loss for the periods indicated.

	March 31, 2021		March 31, 2020	
	(₹ lacs)	(%)*	(₹ lacs)	(%)*
Income				
Revenue from contract with customers	77,341	97%	69,821	98%
Other income	2,424	3%	1,602	2%
Total income	**79,765**	**100%**	**71,423**	**100%**
Expenses				
Employee benefits expense	45,238	57%	44,123	62%
Depreciation and amortization	2,274	3%	2,023	3%
Finance cost	697	1%	802	1%
Other expenses	12,954	16%	15,988	22%
Total expenses	**61,163**	**77%**	**62,936**	**88%**
Profit/(loss) before exceptional items and tax	**18,602**	**23%**	**8,487**	**12%**
Exceptional items – impairment of goodwill	-	-	1,126	2%
Profit/(loss) before tax	**18,602**	**23%**	**7,361**	**10%**
Current tax	3,527	4%	172	0.25%
Adjustment of tax relating to earlier periods	-		18	0.03%
Deferred tax change/(credit)	(1,171)	(1)%	-	
Profit/(loss) for the year	**16,246**	**20%**	**7,171**	**10%**
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent period				
Exchange differences on translating the financial statements of a foreign operation	22	0.03%	(12)	(0.02)%
Net movement on effective portion of cash flow hedges	1,236	2%	(967)	(1)%
Income tax effect	(127)	(0.16)%	-	-
Net other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods	**1,131**	**1%**	**(979)**	**(1)%**
Other comprehensive income not to be reclassified to profit or loss in subsequent period				
Re-measurement gains/(losses) on defined benefit plans	(144)	(0.18)%	(139)	(0.19)%
Income tax effect	36	0.05%	-	-
Net other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods	**(108)**	**(0.14)%**	**(139)**	**(0.19)%**
Other comprehensive income / (loss) for the year, net of tax	**1,023**	**1%**	**(1,118)**	**(2)%**
Total comprehensive income / (loss) for the year	**17,269**	**22%**	**6,053**	**8%**
Restated profit/(loss) for the year				
Attributable to:				
Owners of the Company	16,246	20%	7,171	10%
Non-controlling interest	-	-	-	-
Total comprehensive income / (loss) for the year				
Attributable to:				
Owners of the Company	17,269	22%	6,053	8%
Non-controlling interest	-	-	-	-
Earnings per equity share				
Basic, computed on the basis of profit for the year attributable to equity holders of the parent	11.75		7.04	
Diluted, computed on the basis of profit for the year attributable to equity holders of the parent	11.45		5.36	

* (%) column represents percentage of total income.

Fiscal 2021 compared to Fiscal 2020

Income

Our total income increased by 11.7% to ₹ 79,765 lacs in Fiscal 2021 from ₹ 71,423 lacs in Fiscal 2020, due to increases in both revenues from contracts with customers and other income.

Revenue from contracts with customers

Our revenue from contracts with customers increased by 10.8% to ₹ 77,341 lacs in Fiscal 2021 from ₹ 69,821 lacs in Fiscal 2020, primarily due to an increase in the volume of projects executed by us on account of higher utilization of our increased workforce.

Infrastructure Management & Security Services: Our revenue from Infrastructure Management & Security Services increased by 6.9% to ₹ 16,421 lacs in Fiscal 2021 from ₹ 15,361 lacs in Fiscal 2020, primarily due to an increase in the number of projects executed by us on account of higher utilization of our increased workforce.

Digital Business Solution: Our revenue from Digital Business Solution increased by 11.1% to ₹ 21,288 lacs in Fiscal 2021 from ₹ 19,167 lacs in Fiscal 2020. Our growth in Digital Business Solution business unit was due to increase in the number of projects and acquisition of PGS Inc.

Product Engineering Services: Our revenue from Product Engineering Services increased by 12.3% to ₹ 39,632 lacs in Fiscal 2021 from ₹ 35,293 lacs in Fiscal 2020, primarily due to an increase in the number of projects executed by us on account of higher utilization of our increased workforce.

Other income

Our other income increased by 51.3% to ₹ 2,424 lacs in Fiscal 2021 from ₹ 1,602 lacs in Fiscal 2020, primarily due to increases in (i) interest income on deposit with banks, financial instrument measured at amortized cost and others, (ii) gain on sale of investment measured at fair value through profit and loss (iii) Rent concession availed from lessor (iv) Settlement of claim from OSS Cube LLC and (v) exchange gain.

Expenses

Our total expenses decreased by 2.8% to ₹ 61,163 lacs in Fiscal 2021 from ₹ 62,936 lacs in Fiscal 2020, primarily decrease travel costs and decrease in facility costs and other expenses, partially offset by increases in software license cost and impairment loss on receivables.

Employee benefits expense

Our employee benefits expense increased by 2.5% to ₹ 45,238 lacs in Fiscal 2021 from ₹ 44,123 lacs in Fiscal 2020, primarily due to increase in overall headcount and also due to acquisition of subsidiary Happiest Minds Inc (formerly PGS Inc).

Depreciation and amortization

Our depreciation and amortization increased by 12.4% to ₹ 2,274 lacs in Fiscal 2021 from ₹ 2,023 lacs in Fiscal 2020. Increase is mainly on account of amortization of intangible assets arising out of acquisition of subsidiary Happiest Minds Inc (formerly PGS Inc).

Finance cost

Our finance cost decreased by 13.1% to ₹ 697 lacs in Fiscal 2021 from ₹ 802 lacs in Fiscal 2020, primarily due to decrease in interest expense on lease liabilities.

Other expenses

Our other expenses decreased by 19.0% to ₹ 12,954 lacs in Fiscal 2021 from ₹ 15,988 lacs in Fiscal 2020, primarily due to decrease in (i) Travel expenses due to current pandemic situation, (ii) legal and professional fees partially offset by increase in software license cost.

Profit before exceptional items and tax

As a result of the foregoing, our profit before exceptional items and tax increased by 119.2% to ₹ 18,602 lacs in Fiscal 2021 from ₹ 8,487 lacs in Fiscal 2020.

Exceptional Item – Impairment of Goodwill

In Fiscal 2020 there was impairment of goodwill arising out of the acquisition of OSS Cube LLC and a business division acquired from OSS Cube Solutions Limited.

Profit before tax

As a result of the foregoing, our profit before tax increased 152.7% to ₹ 18,602 lacs in Fiscal 2021 from ₹ 7,361 lacs in Fiscal 2020.

Tax expenses

Our total tax expense increased by 1140.0% to ₹ 2,356 lacs in Fiscal 2021 from ₹ 190 lacs in Fiscal 2020 primarily due to increase in taxable income which was offset by tax credit on account of recognition of deferred tax asset . In Fiscal 2021, business loss carried forward was totally offset with the taxable income and advance tax was paid. We recorded deferred tax credit of ₹ 1,171 lacs, while our deferred tax credit in Fiscal 2020 was nil.

Profit for the year

Due to the factors discussed above, our profit / (loss) for the year increased by 126.6% to ₹ 16,246 lacs in Fiscal 2021 from ₹ 7,171 lacs in Fiscal 2020.

Liquidity and Capital Resources

Our primary sources of liquidity have historically been cash generated from operations and borrowings from banks. Other than the proceeds of the Offer, we expect that cash generated from operations and bank borrowings will continue to be our primary sources of liquidity. We believe that after taking into account cash generated from proceeds of the offer and our business operations, we will have sufficient working capital for both our present and anticipated future requirements for capital expenditures and other cash requirements for 12 months following end of Fiscal 2021.

Cash flows

The following table sets out a condensed summary of our cash flows for the periods indicated.

(in ₹ lacs)

	March 31, 2021	March 31, 2020
Net cash flows from operating activities	14,365	11,222
Net cash flows used in investing activities	(28,363)	(7,374)
Net cash flows from/(used) in financing activities	16,936	(1,334)
Cash and cash equivalents at the beginning of the year	4,353	1,627
Cash and cash equivalents at the end of the year	8,583	4,353

Operating activities

Fiscal 2021

Our net cash flows from operating activities was ₹ 14,365 lacs in Fiscal 2021. Our operating cash flow before working capital changes was ₹ 20,880 lacs in Fiscal 2021, which was primarily adjusted by depreciation and impairment of property, plant and equipment and right-of-use assets of ₹ 2,274 lacs, impairment loss on financial assets of ₹ 1,021 lacs and finance cost of ₹ 669 lacs, partially offset by gain on investment carried at fair value through profit and loss of ₹ 855 lacs, interest income of ₹ 838 lacs and rent concession of ₹ 302 lacs. Our movements in working capital primarily consisted of an increase in financial assets of ₹ 1,443 lacs, increase in trade receivables of ₹ 511 lacs, decrease in financial liabilities of ₹ 1,684 lacs and an increase in non-financial liabilities of ₹ 1,109.

Fiscal 2020

Our net cash flows from operating activities was ₹ 11,222 lacs in Fiscal 2020. Our operating cash flow before working capital changes was ₹ 11,125 lacs in Fiscal 2020, which was primarily adjusted by depreciation and impairment of property, plant and equipment and right-of-use assets of ₹ 2,023 lacs, impairment of goodwill of ₹ 1,126 lacs and finance cost of ₹ 802 lacs, partially offset by gain on investment carried at fair value through profit and loss of ₹ 576 lacs and interest income of ₹ 466 lacs. Our movements in working capital primarily consisted of an increase in financial assets of ₹ 2,776 lacs, a decrease in trade receivables of ₹ 1,352 lacs and an increase in financial liabilities of ₹ 1,976 lacs.

Investing activities

Fiscal 2021

Net cash flows used in investing activities was ₹ 28,363 lacs in Fiscal 2021. This was primarily due to acquisition of equity shares of subsidiary of ₹ 6,025 lacs, net investment in mutual fund of ₹ 29,956 partially offset by proceeds from maturity of fixed deposit of ₹ 6,931 lacs.

Fiscal 2020

Net cash flows used in investing activities was ₹ 7,374 lacs in Fiscal 2020. This was primarily due to investment in bank deposit of ₹9,769 lacs, partially offset by proceeds from sale of mutual funds (net) of ₹ 2,054 lacs.

Financing activities

Fiscal 2021

Net cash flows from financing activities was ₹ 16,936 lacs. This was primarily due to proceeds from issue of equity share capital (net of transaction costs) of ₹ 10,544 lacs, net proceeds from borrowings of ₹ 8,982 lacs (which included borrowings arrangement entered for acquisition of subsidiary of ₹ 6,025), which was partially offset by payment of principal and interest portion of lease liabilities of ₹ 1,989.

Fiscal 2020

Net cash flows used in financing activities was ₹ 1,334 lacs. This was primarily due to payment of principal portion and interest portion of lease liabilities of ₹ 2,124 lacs and repayment of long-term borrowings of ₹ 755 lacs, partially offset by net proceeds from short-term borrowings of ₹ 1,430 lacs.

Borrowings

As of March 31, 2021, we had total outstanding borrowings (excluding current maturities of borrowings) of ₹ 14,633 lacs, which consisted of non-current and current borrowings. Our non-current borrowings consisted foreign currency term loan from bank and is secured by charge on moveable assets and lien on fixed deposits. Our current borrowings consisted of foreign currency loan (PCFC) and bank overdraft.

As of March 31, 2021, the average effective interest rates of our current borrowings and non-current borrowings were 1.55% and 3.45%, respectively.

The following table sets out borrowings as of March 31, 2021.

(in ₹ lacs)

	March 31, 2021
Non-current	
Secured	
Foreign currency term loan from bank	5,658
Less: Current maturity of term loans	(1,997)
Total non-current borrowings	**3,661**
Current	
Secured	
Loans repayable on demand from banks	
Foreign currency loan (PCFC)	10,972
Total current borrowings	**14,662**

The loan agreements that we have entered into with the lender banks contain certain restrictive covenants that limit our ability to undertake certain types of transactions. We are required to obtain an approval from the lender banks for, among other things, altering our capital structure, dilution in shareholding of our Promoter of our Company, effecting any change in the composition of the board of directors of our Company and its management and control, changing the name of the Company including pursuant to the conversion of the Company from a private limited company to a public limited company, and amending constitutional documents.

Contractual Obligations and Commitments

The following table sets forth information regarding our contractual obligations and commitments as of March 31, 2021.

(in ₹lacs)

	Payment due by period			
	Total	Less than one year	Between one and five years	Later than five years
	(in ₹ lacs)			
Lease liabilities (carried at amortized cost)	**2,928**	1,600	1,328	
Trade Payables (carried at amortized cost)				
Total outstanding dues of micro enterprises and small enterprises	**95**	95	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**4,006**	4,006	-	-
Capital commitments towards purchase of capital assets	**152**	152	-	-

Related Party Transactions

Related party transactions primarily relate to contribution made to post employee benefit plan, directors' sitting fees and managerial remunerations.

Off-balance Sheet Arrangements and Contingent Liabilities

As of March, 2021 31, we did not have any off-balance sheet arrangements.

As of March 31, 2021, our contingent liabilities, as per Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets, that have not been provided for are as set out in the table below:

(in ₹lacs)

	March 31, 2021
Guarantees given by banks on behalf of the Group for contractual obligations of the Group	1,289

Other claims against the Group not provided for in books

The Group had entered into Membership Interest Purchase Agreement on May 29, 2017 to acquire interest in OSS Cube LLC. As per terms of Membership Interest Purchase Agreement, the sellers of OSS Cube LLC had to pay ₹ 100.1 lacs towards shortfall in working capital and accounts receivable for which the Group made a claim with the Sellers through US attorneys in May 2018. The Counsel representing Sellers responded in June 2018, admitting the claim to the extent of ₹ 63.1 lacs and have made a counterclaim of ₹ 558.4 lacs for breach of earn-out/contingent payment. The Group's counsel believes that the counter claim is weak, vague and cannot be substantiated as the conditions set forth in the Membership Interest Purchase and Sale Agreement for payment of earn out/contingent payments were not met. Accordingly, no provision is created against the counter claim made by sellers in the financial statement. Subsequent to the end of the year on April 15, 2020, a settlement was reached and settlement agreement has been entered by both the parties wherein the Sellers have agreed to pay USD 0.28 over an agreed period of time and all claims by the Seller have been relinquished. No adjustments were required to be made in the financial statements for the year ended March 31, 2020, as the settlement was agreed subsequent to the end of the year.

The Group is also subject to certain other claims and suits that arise from time to time in the ordinary conduct of its business. While the Group currently believes that such claims, individually or in aggregate, will not have a material adverse impact on its financial position, cash flows, or results of operations, the litigation and other claims are subject to inherent uncertainties, and management's view of these matters may change in the future. Were an unfavorable final outcome to occur in any one or more of these matters, there exists the possibility of a material adverse impact on the Group's business, reputation, financial condition, cash flows, and results of operations for the period in which the effect becomes reasonably estimable.

The Group received settlement amount of USD 280,000 from OSS Cube LLC wide settlement and mutual release agreement signed on April 15, 2020.

Capital Expenditures

Our capital expenditures include expenditures on property, plant and equipment, intangible assets and right-of-use assets. Property, plant and equipment include computer systems, office equipment, furniture and fixtures and leasehold improvements. Intangible assets include goodwill, trademark, customer relationships, non-compete and computer software. Right-of-use assets include computer systems, buildings and motor vehicles. The following table sets out the capital expenditures (addition to property, plant and equipment, intangible assets and right-of-use assets) including those arising from acquisition of business of subsidiary for the periods indicated:

(in ₹ lacs)

	March 31, 2021	March 31, 2020
Property, plant and equipment		
Computer systems	44	23
Office equipment	18	17
Furniture and fixtures	2	3
Leasehold improvements	-	3
Intangible assets		
Goodwill	7,020	-
Trademark	88	-
Non-compete	51	-
Customer relationships	2,612	-
Exclusive license	94	-
Computer software	263	-
Right-of-use assets		
Computer systems	609	663
Buildings	466	43
Motor vehicles	-	-

We expect to meet our working capital, capital expenditures and investment requirements for the next 12 months primarily from revenues from operating activities, bank borrowings, as well as the proceeds from this Offer.

Our actual capital expenditures may differ from the amount set out above due to various factors, including our future cash flows, results of operations and financial condition, changes in the local economy in India, defects or cost overrun, delays in obtaining or receipt of governmental approval, changes in the legislative and regulatory environment and other factors that are beyond our control.

Qualitative Disclosure about Market Risks

Market risk is attributable to all market-sensitive financial instruments, including foreign currency receivables and payables. The value of a financing instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity, prices, equity prices and other market changes that affect market risk sensitive instruments. Our exposure to market risk is a function of our revenue generating activities and any future borrowing activities in foreign currencies. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss.

Credit risk

We are exposed to credit risk related to monies owned to us by our customers. If our customers do not pay us promptly, or at all, we may have to make provisions for, or write-off, such amounts. As of March 31, 2021 and March 31, 2020, our net trade receivables (carried at amortized cost) were ₹ 12,192 lacs and ₹ 11,487 lacs, respectively. Our average debtor cycle was 85 days and 83 days Fiscals 2021 and 2020, respectively.

Interest rate risk

As at March 31, 2021, we are not exposed to market risk with respect to changes in interest rates since all our financial assets or liabilities are either non-interest bearing or are at fixed interest rate.

Exchange rate risk

Although our Company's reporting currency is in INR, we transact a significant portion of our business in other currencies, primarily USD. A significant portion of our revenue from contracts with customers in Fiscals 2021 and 2020, respectively, were derived from sales outside India. Substantially, all of our non-Indian sales income is denominated in foreign currencies, primarily in USD. Most of our foreign currency exposure is mitigated by maintaining balances in the EEFC account in USD / Euro/ GBP which is used for making foreign payments without currency conversion and by executing foreign exchange forward contracts.

Therefore, our exchange rate risk primarily arises from our foreign currency revenues, cost and other foreign currency assets and liabilities to the extent that there is no natural hedge.

Reservations, Qualifications and Adverse Remarks

There are no reservations, qualifications and adverse remarks by our statutory auditor for the previous three Fiscals.

Corporate Governance Report

I. Brief Statement on Company's Philosophy on Code of Corporate Governance

Happiest Minds' philosophy on Corporate Governance is to create and conduct sustainable growing business with highest standards of integrity, transparency and accountability to maximize stakeholders' value while duly complying with all applicable laws and regulations.

Happiest Minds firmly believes that Corporate Governance is critical to success of its business and its governance practices are reflected in its strategy, plan, culture, policies and relationship with stakeholders.

II. Board of Directors

The Board of Directors of Happiest Minds as on March 31, 2021, comprised of six (6) Directors with optimum combination of Executive and Non-Executive Directors i.e., three Executive Directors and three Non-Executive Independent Directors including two-woman Directors and each of them are professionals in their respective areas of specialization and have held eminent positions. The Board Members are not related to each other, and the number of Directorships/Committee memberships held by Executive and Non-Executive Independent Directors are within the permissible limits under SEBI(LODR), Regulations, 2015 and Companies Act, 2013.

(a) Composition of Board of Directors

The composition and category of Directors as on March 31, 2021:

Sl. No.	Name of the Director	Category	Number of other Directorships held in other public companies	Number of Committee membership held in other public companies (limited to only Audit and Stakeholders' Relationship Committees)		No and % of Equity Shares held in the Company (%)
				As Chairperson	As Member	
1	Ashok Soota	Promoter & Executive Director	Nil	Nil	Nil	7,80,10,485 (53.12%)[1]
2	Joseph Anantharaju[2]	Executive Director	Nil	Nil	Nil	4,25,000 (0.29%)
3	Venkatraman Narayanan	Executive Director	Nil	Nil	Nil	8,42,137 (0.57%)
4	Anita Ramachandran	Non-Executive Independent Director	9	Nil	5	Nil
5	Rajendra Kumar Srivastava	Non-Executive Independent Director	Nil	Nil	Nil	Nil
6	Shubha Rao Mayya	Non-Executive Independent Director	2	2	1	Nil

[1] Including shares held in the name of Ashok Soota Medical Research LLP

[2] Appointed with effect from November 4, 2020

Directorship in other listed entities as on March 31, 2021:

Sl. No.	Name of the Director	Directorship in other listed entities	Category of Directorship
1	Ashok Soota	Nil	NA
2	Joseph Anantharaju	Nil	NA
3	Venkatraman Narayanan	Nil	NA
4	Anita Ramachandran	1. Grasim Industries Limited	Independent Director
		2. Rane (Madras) Limited	Independent Director
		3. Metropolis Healthcare Limited	Independent Director
5	Rajendra Kumar Srivastava	Nil	NA
6	Shubha Rao Mayya	1. Stove Kraft Limited	Independent Director

During the financial year 2020-21, fourteen (14) meetings of the Board were held and the gap between two meetings did not exceed one hundred and twenty days. The Board Meetings are prescheduled, and adequate notice is given to the Board members. Board Meetings are generally held at the registered office of the Company either through video conference or through physical presence.

These Board Meetings were held on April 29, 2020; May 13, 2020; May 27, 2020; May 29, 2020; June 04, 2020; June 09, 2020; July 10, 2020; August 04, 2020; September 11, 2020; September 15, 2020; November 4, 2020; January 18, 2021; February 10, 2021 and March 17, 2021. The necessary quorum was present for all the meetings.

(b) Core Skills/Expertise/Competencies of the Board of Directors

The Directors of the Company bring with them a wide range of skills and experience to the Board, which enhances the quality of the Board's decision-making process. The following are the core skills, expertise and competencies for effective functioning of the Board which are currently available with all the Directors of the Company:

(i) Interpersonal skills and personal qualities/values;

(ii) Information Technology business & Industry knowledge;

(iii) Legal, regulatory and financial knowhow;

(iv) Strategic and analytical mindset; and

(v) Leadership, Management & Governance.

(c) Attendance of Directors at the Board Meetings and Annual General Meeting (AGM) held during the financial year 2020-21:

Name of the Director	Board Meetings entitled to attend	Board Meetings attended	Whether present at AGM held on Aug 6, 2020*
Ashok Soota	14	14	No
Joseph Anantharaju [3]	3	3	NA
Venkatraman Narayanan	14	14	Yes
Anita Ramachandran	9	9	No
Rajendra Kumar Srivastava	9	9	No
Shubha Rao Mayya	9	9	No
Avneet Singh Kochar[4]	11	11	No

[3] Appointed with effect from November 4, 2020

[4] Resigned with effect from November 4, 2020

*Note: The AGM referred to of August 6, 2020, was held with physical presence at the registered office of the Company and due to the restrictions on travel with short notice on account of COVID, many of the Directors could not travel and attend on the day of meeting.

(d) Independent Directors

The Board is of the opinion that the Independent Directors fulfil the conditions specified in the Companies Act, 2013 and SEBI(LODR), Regulations, 2015 and that they are independent of the management.

During the financial year 2020-21, one (1) meeting of the Independent Directors was held on March 26, 2021, interalia to review the following and the meeting was attended by all the Independent Directors:

(i) Review performance of non-independent directors and the Board of Directors as a whole;

(ii) Review performance of the Chairperson of the Company;

(iii) Assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board of Directors that is necessary for the Board to effectively and reasonably perform their duties.

The familiarization program and other disclosures as specified under SEBI (LODR) Regulations, 2015 is available on the Company's website at https://www.happiestminds.com/investors/disclosures/Details-of-Familiarization-programme.pdf

No Independent Director had resigned during the financial year 2020-21.

(e) CEO/CFO Certification

As required under Regulation 17 (8) of SEBI (LODR) Regulations, CEO/CFO have certified to the Board that the Financial Statements for the financial year ended March 31, 2021 do not contain any untrue statement and that these statements represent a true and fair view of the Company's affairs and other matters as specified thereunder. Copy of the Certificate is attached as Annexure I to this Report.

(f) Code of conduct for Directors and Senior Management

The Company has adopted a Code of Conduct for the Board of Directors and Senior Management Personnel to ensure that the business of the Company is conducted with the highest standards of ethics and values in accordance with the applicable laws, regulations and rules and is critical to the success of the Company. The Code is available on the Company's website at https://www.happiestminds.com/investors/policy-documents/

All the Board Members and Senior Management Personnel have affirmed compliance with the Code. A declaration signed by the CEO/CFO to this effect is enclosed as part of Annexure I to this Report.

III. Audit Committee

(a) Terms of Reference

The Audit Committee has interalia the following mandate:

1. Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors, including the internal auditor, cost auditor and statutory auditor, of the Company and the fixation of audit fee;
3. Approval of payments to statutory auditors for any other services rendered by the statutory auditors of the Company;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
   - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act;
   - ii. Changes, if any, in accounting policies and practices and reasons for the same;
   - iii. Major accounting entries involving estimates based on the exercise of judgment by the management of the Company;

iv. Significant adjustments made in the financial statements arising out of audit findings;

v. Compliance with listing and other legal requirements relating to financial statements;

vi. Disclosure of any related party transactions; and

vii. Qualifications / modified opinion(s) in the draft audit report.

5. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Formulating a policy on related party transactions, which shall include materiality of related party transactions;
9. Approval or any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;
10. Review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;
11. Scrutiny of inter-corporate loans and investments;
12. Valuation of undertakings or assets of the company, wherever it is necessary;
13. Evaluation of internal financial controls and risk management systems;
14. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
15. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
16. Discussion with internal auditors of any significant findings and follow up there on;
17. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
18. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
19. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
20. Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
21. Reviewing the functioning of the whistle blower mechanism;
22. Approval of the appointment of the Chief Financial Officer of the Company ("CFO") (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate;
23. Carrying out any other functions as provided under the Companies Act, the SEBI Listing Regulations and other applicable laws;

24. To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time;
25. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances; and
26. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
27. Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower.
28. Such roles as may be prescribed under the Companies Act and SEBI Listing Regulations.

(b) Number of Meetings: During the financial year 2020-21, six (6) meetings were held i.e., on April 29, 2020; May 13, 2020; June 09, 2020; August 4, 2020; November 4, 2020 and February 10, 2021.

(c) Composition of the Committee and Meetings attended by each member:

Name of the Member	Category	Position	Meetings	
			Held	Attended
Avneet Singh Kochar[5]	Non-Executive Director	Member	2	2
Ashok Soota[6]	Executive Director	Member	2	2
Shubha Rao Mayya	Independent Director	Chairperson	4	4
Anita Ramachandran	Independent Director	Member	4	4
Venkatraman Narayanan	Executive Director	Member	4	4

[5] Resigned with effect from November 4, 2020

[6] Ceased to be member of the Committee from June 4, 2020

IV. Nomination, Remuneration and Board Governance Committee

(a) Terms of Reference

The Nomination, Remuneration and Board Governance Committee has interalia the following mandate:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;
5. Analysing, monitoring and reviewing various human resource and compensation matters;
6. Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
7. Recommending the remuneration, in whatever form, payable to the senior management personnel and other staff (as deemed necessary);
8. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
9. Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

10. Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

11. Administering the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/plan ("ESOP Scheme")

12. Construing and interpreting the ESOP Scheme and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP Scheme;

13. Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time

14. Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the Nomination, Remuneration and Board Governance Committee.

15. Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

(b) Number of Meetings: During the financial year 2020-21, three (3) meetings were held i.e., on June 9, 2020, November 4, 2020, and March 17, 2021.

(c) Composition of the Committee and Meetings attended by each member:

Name of the Member	Category	Position	Meetings	
			Held	Attended
Rajendra Kumar Srivastava	Independent Director	Chairperson	3	3
Anita Ramachandran	Independent Director	Member	3	3
Shubha Rao Mayya	Independent Director	Member	3	3
Ashok Soota	Executive Director	Member	3	3

(d) Performance evaluation criteria for the Independent Directors

The indicative criteria for evaluation of performance of the Independent Director that are provided in their terms of appointment are as under:

(i) Attendance and contribution at Board and Committee meetings.

(ii) Appropriate mix of expertise, skills, behavior, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company's value and standards.

(iii) Knowledge of finance, accounts, legal, investment, marketing, foreign exchange/ hedging, internal controls, risk management, assessment and mitigation, business operations, processes and corporate governance.

(iv) Ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.

(v) Effective decision making ability.

(vi) Ability to open channels of communication with executive management and other colleagues on Board to maintain high standards of integrity and probity.

(vii) His/her global presence, rational, physical and mental fitness, broader thinking, vision on corporate social responsibility etc.

(viii) His/her ability to monitor the performance of management and satisfy himself/herself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders.

(ix) His/her contribution to enhance overall brand image of the Company.

V. Remuneration to Directors:

(a) Criteria of making payments to Non-Executive Directors

Non-Executive Directors are paid sitting fees for attending the Meetings of the Board and of Committees of which they are members at the rate of ₹ 1,00,000/- (Rupees One Lakh Only) per meeting and commission based on their performance provided however that the aggregate remuneration including commission, so paid to such Directors in a financial year shall not exceed 1% of the net profits of the Company.

(b) Criteria of making payments to Executive Directors

The Executive Directors are paid as per the remuneration approved by the Shareholders at the time of their appointment which are in line with the statutory requirements and Company's policies. The revision in remuneration, if any is recommended by the Nomination Remuneration and Board Governance Committee to the Board for its consideration by taking into account their individual performance and as well performance of the Company in a given year. Perquisites, performance linked incentives and retirement benefits are paid in accordance with the Company's compensation policies, as applicable to all employees, which also details criteria for such payments. As per the current terms of their appointment, none of the Executive Directors are entitled to commission on the net profits of the Company.

(c) Details of Remuneration paid to Directors for the financial year 2020-21

Name of the Director	Salary & Perquisites (In ₹ Lacs)	Sitting Fees & Commission (In ₹ Lacs)	Shares Issued under ESOPs	Details of Service Contracts, Notice Period & Severance fees
Avneet Singh Kochar [7]	Nil	Nil	Nil	NA
Ashok Soota	128	Nil	Nil	Appointed as Executive Chairman and Director for a period of 5 years from April 01, 2019 till March 31, 2024 at an annual remuneration of ₹ 1,28,00,000. All other terms as per employment agreement. Three months' notice period and no severance fees.
Joseph Anantharaju [8]	127	Nil	Nil	Appointed as a Whole-time Director of the Company designated as Executive Vice Chairman, for a period of five years from November 4, 2020 to November 3, 2025 at an annual remuneration of US$ 412,440. All other terms as per employment agreement. Three months' notice period and no severance fees.
Venkatraman Narayanan	112	Nil	Nil	Appointed as the Managing Director and Chief Financial Officer of the Company, for a period of five years from November 4, 2020 to November 3, 2025 at an annual remuneration of ₹ 1,12,34,720. All other terms as per employment agreement. Three months' notice period and no severance fees.
Anita Ramachandran	Nil	25	Nil	NA
Rajendra Kumar Srivastava	Nil	30	Nil	NA
Shubha Rao Mayya	Nil	25	Nil	NA

[7] Resigned with effect from November 4, 2020

[8] Appointed with effect from November 4, 2020

VI. Administrative and Stakeholders Relationship Committee

(a) Terms of Reference

The Administrative and Stakeholders Relationship Committee has interalia the following mandate:

1. Redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non-receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc., and assisting with quarterly reporting of such complaints.
2. Reviewing of measures taken for effective exercise of voting rights by shareholders.
3. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities.
4. Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;
5. Reviewing the measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
6. Reviewing the adherence to the service standards by the Company with respect to various services rendered by the registrar and transfer agent of the Company and to recommend measures for overall improvement in the quality of investor services;
7. Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority.

(b) Number of Meetings: During the financial year 2020-21, two (2) meetings were held i.e., on November 4, 2020, and February 10, 2021.

(c) Composition of the Committee and Meetings attended by each member:

Name of the Member	Category	Position	Meetings	
			Held	Attended
Anita Ramachandran	Independent Director	Chairperson	2	2
Shubha Rao Mayya	Independent Director	Member	2	2
Venkatraman Narayanan	Executive Director	Member	2	2

(d) Name and designation of compliance officer: Mr. Praveen Kumar Darshankar, Company Secretary & Compliance Officer.

(e) Details of shareholders' complaints:

(i) Number of complaints received upto March 31, 2021: 5,559

(ii) Number of complaints resolved upto March 31, 2021: 5,559

(iii) Number of pending complaints as on March 31, 2021: Nil

VII. Corporate Social Responsibility Committee

(a) Terms of Reference

The Corporate Social Responsibility Committee has interalia the following mandate:

1. To formulate and recommend to the board, a corporate social responsibility policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act and the rules made thereunder and make any revisions therein as and when decided by the Board;
2. To Identify corporate social responsibility policy partners and corporate social responsibility policy programmes;
3. To recommend the amount of expenditure to be incurred for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;
4. To delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
5. To review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes; and
6. To perform such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act.

(b) Number of Meetings: During the financial year 2020-21, two (2) meetings were held i.e., on August 4, 2020, and March 17, 2021.

(c) Composition of the Committee and Meetings attended by each member:

Name of the Member	Category	Position	Meetings	
			Held	Attended
Avneet Singh Kochar[9]	Non-Executive Director	Chairperson	1	1
Joseph Anantharaju[10]	Executive Director	Chairperson	1	1
Ashok Soota	Executive Director	Member	2	2
Shubha Rao Mayya	Independent Director	Member	2	2

[9]Resigned with effect from November 4, 2020

[10]Appointed with effect from November 4, 2020

VIII. Risk Management Committee

(a) Terms of Reference

The Risk Management Committee has interalia the following mandate:

1. To assist the Board in fulfilling its responsibilities with regard to the identification, evaluation and mitigation of strategic, operational, and external environment risks.
2. Formulating, monitoring and overseeing the risk management plan and policy of the Company
3. Review the Cyber Security Functions of the Company on regular intervals.
4. Approve / recommend to the Board for its approval / review the policies, risk assessment models, strategies and associated frameworks for the management of risk.
5. To perform such other duties and functions as the Board may require or as may be prescribed by applicable law, from time to time.

(b) Number of Meetings: During the financial year 2020-21, one (1) meeting was held on November 4, 2020.

(c) Composition of the Committee and Meetings attended by each member:

Name of the Member	Category	Position	Meetings	
			Held	Attended
Avneet Singh Kochar[11]	Non-Executive Director	Chairperson	1	1
Joseph Anantharaju[12]	Executive Director	Chairperson	-	-
Anita Ramachandran	Independent Director	Member	1	1
Shubha Rao Mayya	Independent Director	Member	1	1
Venkatraman Narayanan	Executive Director	Member	1	1

[11] Resigned with effect from November 4, 2020

[12] Appointed with effect from November 4, 2020

IX. Strategic Initiatives Committee

(a) Terms of Reference

The Strategic Initiatives Committee has interalia the following mandate:

1. Strategic planning;
2. New strategic projects and initiatives;
3. Mergers, acquisitions and joint ventures;
4. Asset management (including physical infrastructure and information technology);
5. Strategic human resources and other matters;
6. To perform such other duties and functions as the Board may require from time to time.

(b) Number of Meetings: During the financial year 2020-21, two (2) meetings were held i.e., on July 10, 2020, and February 9, 2021.

(c) Composition of the Committee and Meetings attended by each member:

Name of the Member	Category	Position	Meetings	
			Held	Attended
Rajendra Kumar Srivastava	Independent Director	Chairperson	2	2
Anita Ramachandran	Independent Director	Member	2	2
Ashok Soota	Executive Director	Member	2	2
Avneet Singh Kochar [13]	Non-Executive Director	Member	1	1
Venkatraman Narayanan	Executive Director	Member	2	2
Joseph Anantharaju [14]	Executive Director	Member	1	1

[13] Resigned with effect from November 4, 2020

[14] Appointed with effect from November 4, 2020

X. General Body Meetings

The Annual General Meetings of the Company were held in the registered office of the Company. Details of last three AGMs held are as below:

Financial Year	Date	Time (IST)
2017-2018	August 7, 2018	5:00 p.m.
2018-2019	August 1, 2019	5:00 p.m.
2019-2020	August 6, 2020	5:00 p.m.

All resolutions moved at the Annual General Meetings were passed by show of hands by the requisite majority of members attending the meeting. The following are the special resolutions passed at the previous three AGMs:

AGM held on	Summary of Special Resolutions
August 7, 2018	Appointment of Mr. Venkatraman N as Whole-time Director of the Company
August 1, 2019	Re-appointment of Mr. Ashok Soota as Executive Chairman and Director
August 6, 2020	1. Appointment of Mr. Rajendra Kumar Srivastava as Non-Executive Independent Director of the Company;
	2. Appointment of Ms. Anita Ramachandran as Non-Executive Independent Director of the Company;
	3. Appointment of Ms. Shubha Rao Mayya as Non-Executive Independent Director of the Company;
	4. Approval of payment of commission to Non-Executive Directors of the Company.

No special resolution was passed through postal ballot in the last year. Accordingly, details relating to postal ballot are not applicable.

XI. Means of Communication

(a) Financial Results and Newspaper Publication

Quarterly and annual financial results are filed with stock exchanges and displayed on stock exchanges websites. The results are also made available on Company's website. The results are also normally published in Financial Express (English newspaper – all India edition) and Vishwavani (Regional Newspaper).

(b) Website

The Company maintains an active website at https://www.happiestminds.com/investors/ wherein all the information relevant for the Shareholders are displayed.

(c) Press Releases and Analysts/Investors presentations

The official news releases, meetings scheduled with analysts and detailed presentations made to analysts are disseminated to stock exchanges and as well displayed on the Company's website at https://www.happiestminds.com/investors/. The management participates in the analyst/earnings call every quarter, after the announcement of results. The audio recording of analyst calls and transcripts are posted on the Company's website.

(d) Annual Report

Annual Report containing audited standalone and consolidated financial statements together with Board's Report, Auditors' Report and other reports/information are circulated to members entitled thereto and is also made available on the Company Website at https://www.happiestminds.com/investors/.

XII. General Shareholders Information

General shareholder information is provided under "Shareholders Information" section attached as Annexure II to this Report.

XIII. Other Disclosures

(a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large

During the financial year ended March 31, 2021, there were no materially significant related party transactions that had potential conflict with the interest of the Company at large.

(b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to capital markets, during the last three years

The Company became listed company from September 17, 2020. No penalty or stricture was imposed by the Stock Exchanges or SEBI or any other authority, from the date of listing. All applicable requirements were fully complied with.

(c) Vigil Mechanism/Whistle-Blower Policy

The Company has adopted a Whistle Blower Policy and has established necessary Vigil Mechanism as required under Regulation 22 of the SEBI (LODR) Regulations, the details of which have been provided in the Board's Report. The Company affirms that no personnel has been denied access to the Audit Committee.

(d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all the applicable mandatory requirements of SEBI (LODR) Regulations. Details of adoption of non-mandatory requirements are provide in clause XV below.

(e) Weblink for Policy on determination of Material Subsidiary and Policy on Related Party Transactions

Both the policies can be accessed at https://www.happiestminds.com/investors/policy-documents/

(f) Disclosure of Commodity price risks and commodity hedging activities

The Company does not deal in commodities and hence the disclosure pursuant to SEBI (LODR) Regulations are not applicable.

(g) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

During the financial year ended March 31, 2021, the Company had raised ₹ 110 Crs through Initial Public Offering and all the funds have been duly utilized as per the objects stated in the Prospectus i.e., ₹ 102.42 Crs towards working capital, ₹ 3.03 Crs towards general corporate purpose and ₹ 4.55 Crs towards IPO expenses.

(h) Certificate from Practicing Company Secretary on Non-Disqualification of Directors

The Company has obtained a certificate from a Practicing Company Secretary that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority in accordance with SEBI (LODR) Regulations. Copy of the Certificate is attached as Annexure III.

(i) Recommendation of Committees

During the financial year ended March 31, 2021, the Board of Directors of the Company had accepted recommendation of all the committees of the Board, which were mandatorily required.

(j) Auditors' Remuneration

The details of total fees for all services paid by the Company during FY 2020-21, to the Statutory Auditors are as follows:

Particulars	Amount (in ₹ Lacs)
Payment to Statutory Audit fees (including out of pocket expenses)	72
Certification fees	9
Total	**81**

(k) Disclosures as required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a gender neutral Anti-Sexual Harassment Policy at workplace which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the applicable rules, the details of which have been provided in the Board's Report.

Details of sexual harassment complaints received:

(i) No. of complaints received during financial year 2020-21: Nil

(ii) No. of complaints disposed of during financial year 2020-21: NA

(iii) No. of complaints pending as on end of the financial year 2020-21: NA

XIV. Non-compliance of Regulations relating to Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, if any

The Company is fully compliant with SEBI (LODR) Regulations and there are no such non-compliances to report.

XV. Discretionary Requirements

The Company has adopted the following discretionary requirements as provided in the SEBI (LODR) Regulations:

(a) Modified opinion(s) in Audit Report

The Company is in the regime of unmodified opinions on financial statements and that the Auditors of the Company have issued Audit Reports with unmodified opinion on the standalone and consolidated financial statements for the financial year ended March 31, 2021.

(b) Reporting of Internal Auditor

The Internal Auditors of the Company report directly to the Audit Committee and are invited to be present as invitees at the Audit Committee meetings held every quarter.

XVI. Disclosures with respect to Demat Suspense Account/Unclaimed Suspense Account

The Company does not have any unclaimed shares and hence the disclosure pursuant to SEBI (LODR) Regulations are not applicable.

XVII. Compliance

The Company is in compliance with all the mandatory requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR), Regulations, 2015 as applicable with regards to Corporate Governance.

The Company has obtained a certificate from a Practicing Company Secretary on compliance of conditions of Corporate Governance as stipulated in SEBI (LODR) Regulations. Copy of the Certificate is attached to the Board's Report.

ANNEXURE I TO CG REPORT

CEO / CFO CERTIFICATION

May 12, 2021
The Board of Directors
Happiest Minds Technologies Limited
Bangalore

We, Joseph Anantharaju, President & CEO-PES, Rajiv Shah, President & CEO-DBS, Ramamohan C, President & CEO-IMSS and Venkatraman Narayanan, Managing Director & CFO of Happiest Minds Technologies Limited to the best of our knowledge and belief, certify that:

(a) We have reviewed the financial statements and the cash flow statement for the quarter and financial year ended March 31, 2021 and confirm that:

  (i) these financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  (ii) these financial statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations;

(b) There is, to the best of our knowledge and belief, no transaction entered into by the Company during the quarter and financial year ended March 31, 2021, which is fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining Internal Controls for financial reporting and that we have evaluated the effectiveness of Internal Control Systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such Internal Controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit committee that for the quarter and financial year ended March 31, 2021, that there were:

  (i) no significant changes in Internal Control over financial reporting;

  (ii) no significant changes in accounting policies and that the same have been disclosed in the notes to the financial statement; and

  (iii) no instances of significant fraud of which we have become aware and there has been no involvement therein of the management or an employee having a significant role in the Company's Internal Control System over financial reporting.

We further declare that all the Board Members and Senior Management Personnel have affirmed compliance with Code of Conduct in respect of the financial year ended March 31, 2021.

President & CEO-PES	**President & CEO-DBS**	**President & CEO-IMSS**	**MD & CFO**
Seattle, USA	Boston, USA	Seattle, USA	Bengaluru

ANNEXURE II TO CG REPORT

SHAREHOLDERS INFORMATION

1. Annual General Meeting (AGM) of the Company

Date: Wednesday the July 7, 2021

Time: 4.00 pm (IST)

Venue: Through Video Conference. For details, please refer to Notice of this AGM.

2. Financial Year

The financial year of the Company was from April 1, 2020 to March 31, 2021.

The Company was listed as on Sept 17, 2020, post which quarterly results were announced as follows:

For the quarter ended September 30, 2020	: November 4, 2020
For the quarter ended December 31, 2020	: February 10, 2021
For the quarter and financial year ended March 31, 2021	: May 12, 2021

Company's tentative calendar (subject to change) for announcement of quarterly results & AGM during financial year 2021-22 would be as below:

For the quarter ended June 30, 2021	: July, 2021
For the quarter ended September 30, 2021	: October, 2021
For the quarter ended December 31, 2021	: January, 2022
For the quarter and financial year ended March 31, 2022	: May, 2022
For Annual General Meeting of the Company	: July, 2022

3. Dividend Payment

The Board of Directors of the Company have recommended a final dividend of ₹ 3/- per equity share of face value of ₹ 2/- each, for the financial year ended March 31, 2021, subject to the approval of the shareholders at the ensuing AGM.

The Register of Members of the Company will be closed from Thursday, July 1, 2021 to Wednesday, July 7, 2021 (both days inclusive) for the purpose of AGM, annual closing and for determining entitlement of members for the final dividend for FY'21. The record date for payment of final dividend would be June 30, 2021.

The final dividend, if approved, will be paid on or after July 12, 2021.

4. Stock Exchanges

The Company's equity shares are listed on following Stock Exchanges as on March 31, 2021:

Name of the Exchange and Stock Code	Address & Contact details
BSE Limited ("BSE") Stock Code : 543227	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001, Maharashtra, India Tel: +91 22 22721233/34; Fax: +91 22 22721919
National Stock Exchange of India Limited ("NSE") Stock Code : HAPPSTMNDS	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051, Maharashtra, India Tel: +91 22 26598100-14; Fax: +91 22 26598120

The Company hereby confirms it has duly paid the listing fees for the financial year 2021-22 to both BSE and NSE. It further confirms that the equity shares of the Company have never been suspended from trading either by BSE or NSE from the time it has been listed.

5. Stock Market Price Data

High and Low (based on daily closing prices) and volume (total number of equity shares traded) during each month in the last financial year ended March 31, 2021, is as follows:

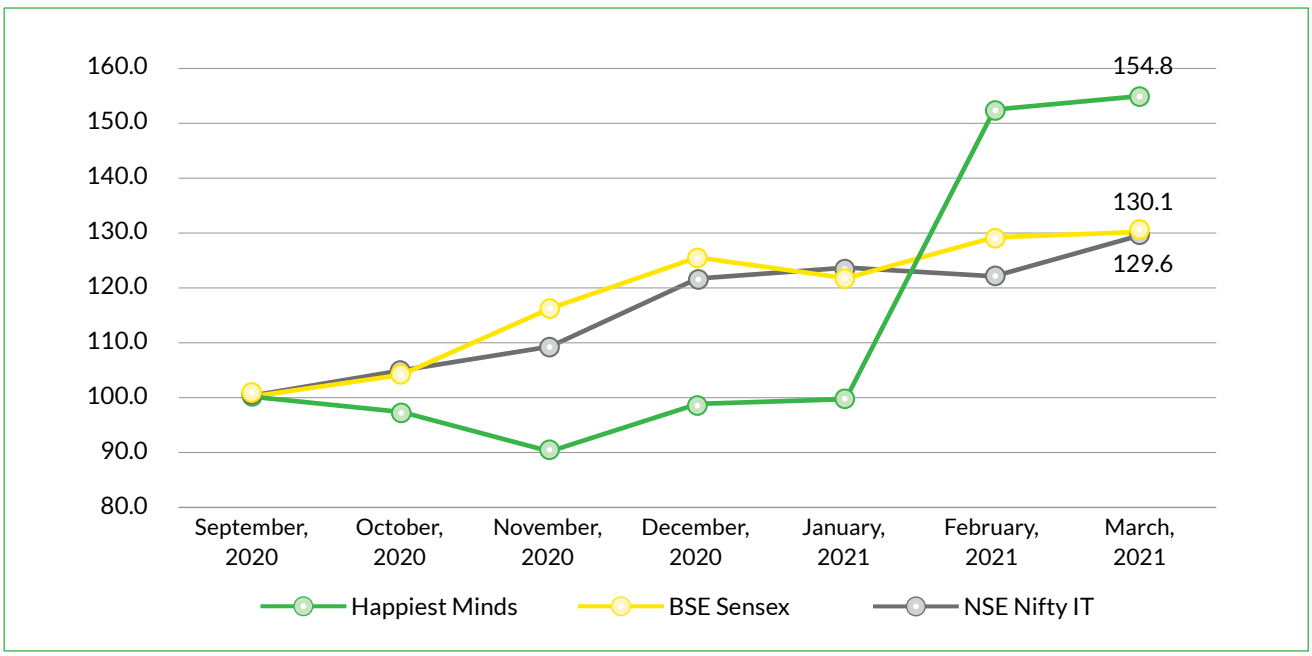
Month	BSE			NSE		
	High (Amt in ₹)	Low (Amt in ₹)	Total Volume (in Lacs)	High (Amt in ₹)	Low (Amt in ₹)	Total Volume (in Lacs)
September, 2020*	395.00	330.20	178.84	394.95	330.30	1,106.94
October, 2020	366.00	307.10	38.08	365.80	307.00	337.96
November, 2020	353.25	285.55	20.06	353.00	310.00	190.96
December, 2020	364.95	310.20	38.12	365.00	311.00	430.10
January, 2021	395.90	333.45	37.59	395.90	333.25	502.05
February, 2021	586.35	340.60	92.23	586.70	340.70	1,109.58
March, 2021	577.75	510.00	31.81	577.50	510.00	359.21

*Note: The Company was listed from September 17, 2020

6. Stock Performance

Performance of the Company's equity shares (closing share price on last trading day of each month) on NSE in comparison to BSE Sensex and NSE Nifty during the financial year ended March 31, 2021 is as follows:

Month	Happiest Minds	BSE Sensex	NSE Nifty IT
September, 2020	348.85	38,067.93	19951.30
October, 2020	338.95	39,614.07	20916.85
November, 2020	313.95	44,149.72	21764.90
December, 2020	344.25	47,751.33	24251.35
January, 2021	347.15	46,285.77	24645.75
February, 2021	531.95	49,099.99	24301.45
March, 2021	540.05	49,509.15	25855.00



Note: For the purpose of graph, base value is taken as 100 as of September, 2020 and then projected accordingly.

7. Registrars and Transfer Agents (RTA)

All work related to Share Registry, both in physical and electronic form, are handled by the Company's Registrar and Share Transfer Agent, whose name and contact details are as given below:

M/s. KFin Technologies Private Limited
Unit: Happiest Minds Technologies Limited
"Selenium" Tower B, Plot No. 31 & 32, Financial District, Nanakramguda,
Serilingampally Mandal, Hyderabad - 500 032, Telangana, India
Tel. No. + 91 - 1- 800-309-4001; E-mail: einward.ris@kfintech.com
Website : https://www.kfintech.com/

8. Share Transfer System

Pursuant to Regulation 40 (1) of SEBI (LODR) Regulations, effective from April 1, 2019, transfer of shares in physical mode has been discontinued and accordingly the Company has not processed transfer of shares in physical mode (except in case of request received for transmission or transposition of shares) from the time the said Regulation was applicable and all the transfer of shares would be carried out only in dematerialized form by the respective Depository Participants of the shareholders.

Accordingly, shareholders holding shares in physical form are urged to have their shares dematerialized at the earliest so that they can transfer them in dematerialized form and participate in various corporate actions.

9. Distribution of Shareholding

a. Distribution of equity shareholding as on March 31, 2021:

Category (No. of Shares)	No. of Shareholders	% of Shareholders	No. of Shares	% of Total No. of Shares
1 - 5000	208547	99.27	17241657	11.74
5001 - 10000	764	0.36	2767749	1.88
10001 - 20000	366	0.17	2621973	1.79
20001 - 30000	106	0.05	1310951	0.89
30001 - 40000	73	0.04	1287198	0.88
40001 - 50000	37	0.02	849919	0.58
50001 - 100000	85	0.04	3183000	2.17
100001 & Above	109	0.05	117601109	80.07
Total	**210087**	**100.00**	**146863556**	**100.00**

b. Shareholding Pattern:

Category of Shareholders	As on March 31, 2021**				As on March 31, 2020*			
	No of share holders	% of total share holders	Total shares	% of total shares	No of share holders	% of total share holders	Total shares	% of total shares
Promoters and Promoter group	6	0.00	78,211,953	53.25	6	0.80	86,584,448	61.74
Body corporates	453	0.22	3,885,334	2.65	2	0.40	27,433,878	19.56
FIIs/NRIs/FPI's	2,637	1.28	13,652,521	9.30	53	7.07	3,527,444	2.52
Mutual funds/ Banks/ FI's/ QIB	19	0.01	10,841,489	7.38	-	-	-	0.00
Clearing Members	246	0.12	606,828	0.41	-	-	-	0.00
Trust	4	0.00	8,204	0.01	-	-	-	0.00
Public	203,483	98.37	39,657,227	27.00	689	91.73	22,691,280	16.18
Total	**206,848**	**100.00**	**146,863,556**	**100.00**	**750**	**100.00**	**140,237,050**	**100.00**

*On fully diluted basis since the Company also had Preference Shares.

**Post consolidation of multiple folios/client IDs

10. Dematerialization of shares and liquidity

96.11% of the Company's shares are in dematerialized form as on March 31, 2021, held with both the Depositories viz., the National Securities Depository Limited ('NSDL') and the Central Depository Services (India) Limited ('CDSL') and the break-up is as follows:

Description	No of Holders	No. of Shares	% to Total Shares
NSDL	73226	127687668	86.94
CDSL	136398	13470629	9.17
Physical	463	5705259	3.89
Total	**210087**	**146863556**	**100.00**

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's equity shares is INE419U01012.

11. Outstanding Global Depository Receipts (GDR) or American Depository Receipts (ADR) or warrants or any convertible instruments, conversion date and likely impact on equity

The Company has no outstanding GDR / ADR / warrants or any convertible Instruments as of March 31, 2021.

12. Commodity price risk or foreign exchange risk and hedging activities

The Company does not deal in commodities and hence the disclosure pursuant to SEBI (LODR) Regulations are not applicable. For a detailed discussion on foreign exchange risk and hedging activities with regard to Company's revenue in foreign currency, please refer to Management Discussion and Analysis Report forming part of the Annual Report.

13. Locations

The registered office address and the branch locations along with the contact details has been provided separately in the Annual Report and the details are also available at https://www.happiestminds.com/location/

14. Address for Correspondence

Shareholders can send their correspondence with respect to their shares, dividend, request for annual reports and grievances, if any to the Company's RTA as per contact details provided in Sl. No.7 above. They can also correspond with the Company as per below contact details:

Mr. Praveen Kumar Darshankar
Company Secretary & Compliance Officer
Happiest Minds Technologies Limited
#53/1-4, Hosur Main Road, Madivala, Bengaluru-560068,
Karnataka, India; Tel No.: +91 80 61960300
Email : investors@happiestminds.com

The Company has also designated person for addressing queries relating to results/analyst calls viz., Mr. Sunil Gujjar, Head of Investor Relations and he can be contacted at the above address and through email at IR@happiestminds.com.

15. Credit Ratings

India Ratings and Research (Ind-Ra), a credit rating agency, has upgraded the Company's Long-Term Issuer Rating to 'IND A-' from 'IND BBB+'. The Outlook is Positive. The instrument-wise ratings outlook and action are as follows:

Instrument type	Maturity Date	Size of Issue (₹ Mn)	Rating Outlook	Rating action
Fund based working Capital	-	1,300	IND A-/Positive/IND A2+	Upgraded
Term loan	January 2024	610	IND A-/Positive	Assigned
Fund based working Capital	-	400	IND A-/Positive/IND A2+	Assigned

ANNEXURE III TO CG REPORT

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
HAPPIEST MINDS TECHNOLOGIES LIMITED
53/1-4, Hosur Main Road, Madivala
(Next to Madivala Police Station)
Bengaluru - 560068

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of HAPPIEST MINDS TECHNOLOGIES LIMITED, having CIN L72900KA2011PLC057931 and having registered office at # 53/1-4, Hosur Main Road, Madivala (Next to Madivala Police Station), Bengaluru - 560068 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India (SEBI) and Ministry of Corporate Affairs (MCA).

Details of Directors:

Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	ANITA RAMACHANDRAN	00118188	June 04, 2020
2.	ASHOK SOOTA	00145962	April 01, 2011
3.	VENKATRAMAN NARAYANAN	01856347	January 16, 2018
4.	RAJENDRA KUMAR SRIVASTAVA	07500741	June 04, 2020
5.	SHUBHA RAO MAYYA	08193276	June 04, 2020
6.	JOSEPH VINOD ANANTHARAJU	08859640	November 04, 2020

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

NOTE: Due to Covid-19 pandemic situation, we have conducted online verification and examination of records, as facilitated by the Company for the purpose of issuing this Certificate.

For V. SREEDHARAN & ASSOCIATES
Company Secretaries

Pradeep B Kulkarni
Partner
FCS: 7260; CP No. 7835

Place: Bengaluru
Date: May 12, 2021

UDIN Number F007260C000282018

Financial Statements

143-318

INDEPENDENT AUDITOR'S REPORT

To the Members of Happiest Minds Technologies Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of Happiest Minds Technologies Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Standalone Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditor on separate Ind AS Financial Statements and on the other financial information of the Happiest Minds Technologies Share Ownership Plans Trust (the "ESOP Trust"), the aforesaid Standalone Ind AS Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS Financial Statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Standalone Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Standalone Ind AS Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Ind AS Financial Statements.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition *(as described in Note 2(a) and 26 of the Standalone Ind AS Financial Statements)*	
The Company earns revenue from time-and-material and fixed price contracts. Fixed price revenue contracts with customers have defined delivery milestones with agreed scope of work and pricing for each milestone depending on the nature of service/ industry served. Revenue from these contracts is recognized over a period of time in accordance with the requirements of Ind-AS 115, "Revenue from Contracts with Customers". Revenue from fixed price contracts, where the performance obligation is satisfied over time is recognised using percentage-of-completion method. Use of percentage-of-completion method requires the Company to determine the actual efforts or costs expended to date as a proportion of the estimated total efforts or costs to be incurred. The estimate of total efforts or remaining efforts to complete fixed price contracts measured using the percentage-of-completion method involves significant judgement throughout the period of the contract and is subject to revision as the contract progresses based on the latest available information. Also, Identification of performance obligations involves significant judgement and assessment of contractual terms. Since recognition of revenue from these contracts involves significant estimates and judgments, we regard this as a key audit matter.	Our audit procedures comprised as under: • We evaluated Company's accounting policy pertaining to revenue recognition and assessed its compliance with Ind-AS 115 - Revenue from Contracts with Customers; • We assessed the internal control environment relating to revenue recognition from fixed price contracts. We tested the effectiveness of the key controls, in particular those relating to the costs or efforts incurred on contract and those relating to the costs or efforts to complete; • For contracts in progress: - we tested costs incurred with data from timesheet application system; - progress towards completion of performance obligation for computing revenue was verified based on actual cost or efforts relative to estimated cost or efforts from management analysis and systems or external evidences of progress; - we reviewed cost or efforts incurred with estimated cost or efforts to identify significant variations and reasons for those variations, if any. Further, we verified whether those variations have been considered in estimating the remaining cost or efforts to complete the contract; • We inspected sample of contracts from unbilled revenues to identify any possible delays in achieving milestones, which may require change in estimated costs or efforts to complete the remaining performance obligations; • We performed analytical procedures for reasonableness of incurred and estimated efforts. • We evaluated management's identification of onerous contracts, if any, based on estimates tested as above. • We assessed the adequacy of disclosures made in the financial statements with respect to revenue recognized during the year as required by applicable Indian Accounting Standards.

We have determined that there are no other key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board Report, but does not include the Standalone Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the 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 for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entity within the Company of which we are the independent auditors to express an opinion on the Standalone Ind AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entity included in the Standalone Ind AS Financial Statements of which we are the independent auditors. For the other entity included in the Standalone Ind AS Financial Statements, which have been audited by other auditors, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS Financial Statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of the ESOP Trust whose Ind AS financial statements include total assets of ₹ 721 lakhs as at March 31, 2021, and total revenues of ₹ Nil and net cash outflows of ₹ 64 lakhs for the year ended on that date. These Ind AS Financial Statements and other financial information have been audited by other auditor, whose financial statements, other financial information and auditor's report has been furnished to us by the management. The Standalone Ind AS Financials Statements also include the ESOP Trust's share of net loss of ₹ 16 lakhs for the year ended March 31, 2021, as considered in the Standalone Ind AS Financial Statements, in respect of the ESOP Trust, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the Standalone Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this ESOP Trust, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid ESOP Trust, is based solely on the report of such other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of ESOP Trust, as noted in the 'other matter' paragraph we report, to the extent applicable, that we report that:

   (a) We/the other auditor whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and reports of the other auditors;

(c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone Ind AS Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(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 as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:

i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements – Refer Note 41 to the Standalone Ind AS Financial Statements;

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

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

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

_____
per **Sumit Mehra**
Partner
Membership Number: 096547
UDIN: 21096547AAAABT8956
Place of Signature: Bengaluru
Date: May 12, 2021

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: Happiest Minds Technologies Limited ('the Company')

We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, goods and service tax, customs duty and cess which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) In our opinion and according to information and explanations given by the management and audit procedures performed by us, monies raised by the Company by way of initial public offer and term loans were applied for the purpose for which they were raised, though idle/surplus funds which were not required for immediate utilization have been gainfully invested in liquid

investments payable on demand. The maximum amount of idle/surplus funds invested during the year was ₹ 9,500 lakhs, of which ₹ Nil was outstanding at the end of the year.

(x) Based upon the audit procedures performed for the purpose of reporting the true and /fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud / material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management and audit procedures performed by us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

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per **Sumit Mehra**
Partner
Membership Number: 096547
UDIN: 21096547AAAABT8956
Place of Signature: Bengaluru
Date: May 12, 2021

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HAPPIEST MINDS TECHNOLOGIES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Happiest Minds Technologies Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Standalone Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting with reference to these Standalone Ind AS Financial Statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Standalone Ind AS Financial Statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A Company's internal financial control over financial reporting with reference to these Standalone Ind AS 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 control over financial reporting with reference to these Standalone Ind AS Financial Statements includes 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 Over Financial Reporting With Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Standalone Ind AS 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 over financial reporting with reference to these Standalone Ind AS Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Standalone Ind AS Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Standalone Ind AS Financial Statements and such internal financial controls over financial reporting with reference to these Standalone Ind AS Financial Statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting 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.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

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per **Sumit Mehra**
Partner
Membership Number: 096547
UDIN: 21096547AAAABT8956
Place of Signature: Bengaluru
Date: May 12, 2021

Standalone Balance Sheet

as at March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	As at March 31, 2021	As at March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	3	67	91
Capital work-in-progress	3	14	-
Goodwill	4	611	611
Other intangible assets	4	65	73
Intangible assets under development	4	-	17
Right-of-use assets	5	2,149	3,005
Financial assets			
i. Investments	6	9,720	-
ii. Loans	7	349	767
iii. Other financial assets	8	2,109	368
Income tax assets (net)	9	1,408	1,335
Other assets	10	7	33
Deferred tax assets (net)	11	1,026	-
Total non-current assets		**17,525**	**6,300**
Current assets			
Financial assets			
i. Investments	12	39,148	8,337
ii. Trade receivables	13	11,610	11,487
iii. Cash and cash equivalents	14	7,952	4,350
iv. Bank balance other than cash and cash equivalents	15	5,935	14,607
v. Loans	7	812	100
vi. Other financial assets	8	6,411	4,567
Other assets	10	1,302	1,063
Total current assets		**73,170**	**44,511**
Total assets		**90,695**	**50,811**
Equity and liabilities			
Equity			
Equity share capital	16	2,837	879
Instruments entirely in the nature of equity	17	-	3,634
Other equity	18	51,830	22,048
Total equity		**54,667**	**26,561**
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	19	3,661	132
ii. Lease liabilities	20	1,223	1,731
iii. Other financial liabilities	21	2,455	-
Provisions	22	1,653	1,255
Total non-current liabilities		**8,992**	**3,118**

Standalone Balance Sheet (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	As at March 31, 2021	As at March 31, 2020
Current liabilities			
Contract liabilities	23	763	781
Financial liabilities			
i. Borrowings	19	10,972	6,916
ii. Lease liabilities	20	1,422	1,812
iii. Trade payables	24		
(A) Total outstanding due to micro enterprises and small enterprises		95	12
(B) Total outstanding due to creditors other than micro enterprises and small enterprises.		3,478	3,451
iv. Other financial liabilities	21	6,874	6,397
Provisions	22	1,508	1,246
Other current liabilities	25	1,924	517
Total current liabilities		**27,036**	**21,132**
Total liabilities		**36,028**	**24,250**
Total equity and liabilities		**90,695**	**50,811**
Summary of significant accounting policies	2		

The notes referred to above form an integral part of the Standalone Financial Statements.

As per our report of even date
for **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm's Registration Number : 101049W/E300004

per **Sumit Mehra**
Partner
Membership no.: 096547
Place: Bengaluru, India
Date: May 12, 2021

for and on behalf of the Board of Directors:
Happiest Minds Technologies Limited
CIN : L72900KA2011PLC057931

Ashok Soota
Executive Chairman
DIN : 00145962
Place: Bengaluru, India
Date: May 12, 2021

Venkatraman Narayanan
Managing Director &
Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: May 12, 2021

Praveen Darashankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: May 12, 2021

Standalone Statement of Profit and Loss

for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
Income			
Revenue from contract with customers	26	76,096	69,821
Other income	27	2,342	1,598
Total income		**78,438**	**71,419**
Expenses			
Employee benefits expense	28	45,012	44,123
Depreciation and amortisation	29	2,063	2,023
Finance costs	30	692	799
Other expenses	31	12,069	15,815
Total expenses		**59,836**	**62,760**
Profit before exceptional items and tax		18,602	8,659
Exceptional Items	32	-	1,126
Profit before tax		**18,602**	**7,533**
Tax expense	33		
Current tax		3,527	172
Adjustment of tax relating to earlier periods		-	18
Deferred tax credit		(1,118)	-
		2,409	**190**
Profit for the year		**16,193**	**7,343**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Net movement on effective portion of cash flow hedges	37	1,236	(967)
Income tax effect	33	(128)	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**1,108**	**(967)**

Standalone Statement of Profit and Loss (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement losses on defined benefit plans	35	(144)	(139)
Income tax effect	33	36	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(108)**	**(139)**
Other comprehensive income for the year, net of tax		**1,000**	**(1,106)**
Total comprehensive income for the year		**17,193**	**6,237**
Earnings per equity share	34		
Equity shares of par value ₹ 2/- each			
(1) Basic (₹)		11.71	7.21
(2) Diluted (₹)		11.41	5.49
Summary of significant accounting policies	2		

The notes referred to above form an integral part of the Standalone Financial Statements.

As per our report of even date
for **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm's Registration Number : 101049W/E300004

for and on behalf of the Board of Directors:
Happiest Minds Technologies Limited
CIN : L72900KA2011PLC057931

per **Sumit Mehra**
Partner
Membership no.: 096547
Place: Bengaluru, India
Date: May 12, 2021

Ashok Soota
Executive Chairman
DIN : 00145962
Place: Bengaluru, India
Date: May 12, 2021

Venkatraman Narayanan
Managing Director &
Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: May 12, 2021

Praveen Darashankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: May 12, 2021

Standalone Statement of Changes in Equity

for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

a) Equity share capital

	No of Shares	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid		
As at April 01, 2019	**2,98,33,252**	**597**
Conversion of preference shares during the year - refer note 16 (ii) (1)	1,22,25,000	245
Exercise of share options - refer note 16 (ii) (2)	18,40,925	37
As at March 31, 2020	**4,38,99,177**	**879**
Conversion of preference shares during the year - refer note 16 (ii) (1)	9,08,47,235	1,817
Exercise of share options - refer note 16 (ii) (2)	4,10,386	8
Issued during the year - refer note 16 (ii) (3)	66,26,506	133
As at March 31, 2021	**14,17,83,304**	**2,837**

b) Instruments entirely in the nature of equity

	No of Shares	Amount
Series A 14% Non Cumulative Compulsorily Convertible Preference Shares (CCPS) of ₹ 652 each issued, subscribed and fully paid.		
As at April 01, 2019	**3,42,073**	**2,230**
Increase on account of modification of CCPS - refer note 17 (iii) (b) & (c)	2,90,272	1,893
Conversion into equity shares during the year - refer note (16) (ii) (1)	(75,000)	(489)
As at March 31, 2020	**557,345**	**3,634**
Conversion into equity shares during the year - refer note (16) (ii) (1)	(5,57,345)	(3,634)
As at March 31, 2021	-	-

c) Other equity

	Reserves and Surplus			Cash flow hedge reserve (Note 18)	Total equity
	Securities premium (Note 18)	Share options outstanding reserve (Note 18)	Retained earnings (Note 18)		
As at April 01, 2019	**18,602**	**240**	**(28,665)**	**237**	**(9,586)**
Profit for the year	-	-	7,343	-	7,343
Other comprehensive income	-	-	(139)	-	(139)
Net movement on effective portion of cash flow hedges	-	-	-	(967)	(967)
Total comprehensive income	**-**	**-**	**7,204**	**(967)**	**6,237**
Conversion of preference shares during the year - refer note 16 (ii) (1)	245	-	-	-	245
Exercise of share option by employees	405	-	-	-	405
Transferred to retained earnings for options forfeited	-	(52)	52	-	-
Increase on account of modification of preference shares - refer note 17 (iii) (b) & (c)	24,481	-	-	-	24,481
Reduction in capital - refer note (i) below	(15,952)	-	15,952	-	-
Share-based payments expense	-	266	-	-	266
As at March 31, 2020	**27,781**	**454**	**(5,457)**	**(730)**	**22,048**

Standalone Statement of Changes in Equity (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Reserves and Surplus			Cash flow hedge reserve (Note 18)	Total equity
	Securities premium (Note 18)	Share options outstanding reserve (Note 18)	Retained earnings (Note 18)		
Profit for the year	-	-	16,193	-	16,193
Other comprehensive income	-	-	(108)	-	(108)
Net movement on effective portion of cash flow hedges	-	-	-	1,108	1,108
Total comprehensive income	**-**	**-**	**16,085**	**1,108**	**17,193**
Conversion of preference shares during the year - refer note 16 (ii) (1)	1,817	-	-	-	1,817
Increase during the year - refer note 16 (ii) (3)	10,867	-	-	-	10,867
Exercise of share option by employees	64	-	-	-	64
Transaction costs on issue of shares - refer note 16 (ii) (3)	(456)	-	-	-	(456)
Transferred to retained earnings for options forfeited	-	(9)	9	-	-
Transferred to securities premium for options exercised	381	(381)	-	-	-
Share-based payments expense - refer note 43	-	297	-	-	297
As at March 31, 2021	**40,454**	**361**	**10,637**	**378**	**51,830**

(i) The Company had filed for capital reduction through National Company Law Tribunal ("NCLT") and received an approval vide order dated November 5, 2019 for writing off the accumulated losses of the Company being the debit balance of Profit and Loss Account as appearing in the Standalone Financial Statements of the Company as at March 31, 2018 prepared under previous GAAP ("Indian GAAP") with Securities Premium. The accumulated losses of the Company as at March 31, 2018 was ₹ 17,233 lakhs and during the year ended March 31, 2019, the Company had earned a profit of ₹ 1,281 lakhs under Indian GAAP and the accumulated balance in Profit and Loss Account as at March 31, 2019 was ₹ 15,952 lakhs. This balance has been written off during the year ended March 31, 2020.

Summary of significant accounting policies

The notes referred to above form an integral part of the Standalone Financial Statements.

As per our report of even date
for **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm's Registration Number : 101049W/E300004

per **Sumit Mehra**
Partner
Membership no.: 096547
Place: Bengaluru, India
Date: May 12, 2021

for and on behalf of the Board of Directors:
Happiest Minds Technologies Limited
CIN : L72900KA2011PLC057931

Ashok Soota
Executive Chairman
DIN : 00145962
Place: Bengaluru, India
Date: May 12, 2021

Venkatraman Narayanan
Managing Director &
Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: May 12, 2021

Praveen Darashankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: May 12, 2021

Standalone Statement of Cash Flows

for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
Operating activities			
Profit before tax		**18,602**	**7,533**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment and right-of-use assets	29	2,063	2,023
Share-based payment expense	28	297	266
Gain on investment carried at fair value through profit and loss	27	(184)	(121)
Gain on sale of investment carried at fair value through profit and loss	27	(671)	(455)
Interest income	27	(838)	(463)
Impairment of goodwill	32	-	1,126
Unrealised foreign exchange (gain)/ loss	27	73	(173)
Fair value loss on contingent consideration	30	28	-
Rent concession	27	(302)	-
Impairment loss	31	945	657
Finance costs	30	664	799
Operating cash flow before working capital changes		**20,677**	**11,192**
Movements in working capital:			
(Increase)/ decrease in trade receivables		(1,247)	1,330
(Increase)/ decrease in loans		5	(48)
Increase in non-financial assets		(213)	(194)
Increase in financial assets		(1,400)	(2,775)
Increase in trade payables		176	472
Increase/ (decrease) in financial liabilities		(1,269)	1,958
Increase in provisions		516	424
Decrease in contract liabilities		(18)	(286)
Increase/ (decrease) in other non-financial liabilities		1,407	(206)
		18,634	**11,867**
Income tax paid, net of refunds		(3,600)	(605)
Net cash flows from operating activities (A)		**15,034**	**11,262**
Investing activities			
Purchase of property, plant and equipment	3	(78)	(46)
Purchase of intangible assets	4	(19)	(67)
Investment in bank deposit, net		6,931	(9,769)
Acquisition of subsidiary		(6,025)	-
Proceeds from sale of mutual funds		39,313	2,054
Investment in mutual funds		(69,269)	-
Interest received		777	379
Net cash flows used in investing activities (B)		**(28,370)**	**(7,449)**

Standalone Statement of Cash Flows (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
Financing activities			
Repayment of long-term borrowings		(1,257)	(755)
Proceeds from long-term borrowings		6,025	-
Proceeds / (repayment) of short term borrowings (net)		4,213	1,430
Security deposits given		(300)	-
Payment of principal portion of lease liabilities		(1,657)	(1,659)
Payment of interest portion of lease liabilities		(328)	(412)
Proceeds from issue of Equity share capital (net of transaction costs)		10,544	-
Proceeds from exercise of share options		72	442
Interest paid		(368)	(326)
Net cash flows from/ (used) in financing activities (C)		**16,944**	**(1,280)**
Net increase in cash and cash equivalents **[(A)+(B)+(C)]**		3,608	2,533
Net foreign exchange difference		(6)	212
Cash and cash equivalents at the beginning of the year		4,350	1,605
Cash and cash equivalents at the end of the year		**7,952**	**4,350**
Components of cash and cash equivalents	14		
Balance with banks			
- on current accounts		3,548	1,428
- in EEFC accounts		2,029	1,922
Deposits with original maturity of less than three months		2,375	1,000
Total cash and cash equivalents		**7,952**	**4,350**
Non-cash investing activities:			
Acquisition of subsidiary	6	3,695	-
Acquisition of Right-of-use assets	20	1,052	706
Refer note 19 and 20 for changes in liabilities arising from financing activities and for non-cash financing activities.			
Summary of significant accounting policies	2		

The notes referred to above form an integral part of the Standalone Financial Statements.

As per our report of even date
for **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm's Registration Number : 101049W/E300004

for and on behalf of the Board of Directors:
Happiest Minds Technologies Limited
CIN : L72900KA2011PLC057931

per **Sumit Mehra**
Partner
Membership no.: 096547
Place: Bengaluru, India
Date: May 12, 2021

Ashok Soota
Executive Chairman
DIN : 00145962
Place: Bengaluru, India
Date: May 12, 2021

Venkatraman Narayanan
Managing Director &
Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: May 12, 2021

Praveen Darashankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: May 12, 2021

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Corporate Information

Happiest Minds Technologies Limited (formerly known as Happiest Minds Technlogies Private Limited) ("the Company") is engaged in next generation IT solutions & services Company, enabling organizations to capture the business benefits of emerging technologies of cloud computing, social media, mobility solutions, business intelligence, analytics, unified communications and internet of things. The Company offers high degree of skills, IPs and domain expertise across a set of focused areas that include Digital Transformation & Enterprise Solutions, Product Engineering, Infrastructure Management, Security, Testing and Consulting. The Company focuses on industries in the Retail/CPG, BFSI, Travel & Transportation, Manufacturing and Media space. Happiest Minds Provide a Smart, Secure and Connected Experience to its Customers. In the Solution space, focus areas are Security, M2M and Mobility solutions.

The Company is a limited Company, incorporated and domiciled in India and has a branch office at United States of America, United Kingdom, Australia, Canada, Netherland, Singapore, Malaysia and Dubai. The registered office of the Company is situated at #53/1-4, Hosur Main Road, Madivala (next to Madivala Police Station) Bangalore 560068.

The Company's Standalone Financial Statements for the year ended March 31, 2021 were approved by Board of Directors on May 12, 2021.

1 Basis of preparation of Standalone Financial Statement

a Statement of Compliance

The Standalone Financial Statements (SFS) of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the SFS.

This note provides a list of the significant accounting policies adopted in the preparation of the Standalone Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

These Standalone Financial Statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2021.

The Standalone Financial Statements have been prepared on an accrual basis under the historical cost convention except for the following that are measured at fair value as required by relevant Ind AS:

a) Defined benefit plan - plan assets measured at fair value

b) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

c) Derivative financial instruments

b Functional currency and presentation currency

These Standalone Financial Statements are presented in India Rupee (₹), which is also functional currency of the Company. All the values are rounded off to the nearest lakhs (₹ 00,000) unless otherwise indicated.

c Use of estimates and judgements

In preparing these Standalone Financial Statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the period. Actual results may differ from these estimates.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding estimate. Changes in estimate are reflected in the financial statement in the period in which changes are made and, if material, their effects are disclosed in the notes to the Standalone Financial Statements.

Judgements:

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Standalone Financial Statements is included in the following notes:

- Note 2 (c) and Note 2 (d)- Useful life of property, plant and equipment and intangible assets;
- Note 2 (g) - Lease classification;
- Note 2(i) - Financial instrument; and
- Note 2 (m) - Measurement of defined benefit obligations: key actuarial assumptions.

Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended March 31, 2021 is included in the following notes:

- Note 2 (e) - Impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;
- Note 2 (o) - Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 2 (i) - Impairment of financial assets
- Note 2 (q) - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

d Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these Standalone Financial Statements.

a Revenue recognition

The Company derives revenue primarily from rendering services and sale of licenses. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company is a principal in rendering services and agent in relation to sale of licences. Amounts disclosed as revenue are net of trade allowances, rebates and Goods and Services tax (GST), amounts collected on behalf of third parties and includes reimbursement of out-of-pocket expenses, with corresponding expenses included in cost of revenues.

Revenue from the rendering of services and sale of licence is recognised when the Company satisfies its performance obligations to its customers as below:

Rendering of services

Revenues from services comprise primarily income from time-and-material and fixed price contracts. Revenue with respect to time-and-material contracts is recognised over the period of time as the related services are performed. Revenue with respect to fixed price contracts where performance obligation is transferred over time. The input (efforts expended) method has been used to measure progress towards completion, as there is a direct relationship between input and productivity. Provisions for estimated losses on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. In determining the transaction price for rendering of services, the Company considers the effect of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customers if any. Revenue is recognised net of trade and cash discounts.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sale of licences

The Company is a reseller for sale of right to use licences and acting as agent in the arrangement. The revenue for sale of right to use licence is recognised at point in time when control on use of licence is transferred to the customer.

Contract balances

Contract assets: The Company classifies its right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset where the right to consideration is unconditional

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

upon passage of time. Unbilled revenue which is conditional is classified as other current asset. Trade receivables and unbilled revenue is presented net of impairment.

Contract liabilities: A contract liability (which we referred to as Unearned Revenue) is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is received.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is included under the head 'other income' in the Statement of Profit and Loss.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the Statement of Profit and Loss.

Dividend income

Dividend income on investments is accounted when the right to receive the dividend is established, which is generally when shareholders approve the dividend. Dividend income is included under the head "Other income" in the Statement of Profit and Loss account.

b Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value. Acquisition-related costs are expensed as incurred and included in other expenses.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal Company's) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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(All amounts in ₹ lakhs, unless otherwise stated)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS - 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit and loss in accordance with Ind AS - 109. If the contingent consideration is not within the scope of Ind AS - 109, it is measured in accordance with the appropriate Ind AS and shall be recognised in the statement of profit and loss. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in other comprehensive income (OCI) and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

c Property, plant and equipment

Capital work in progress is stated at cost, net of accumulated impairment loss if any.

Property, plant and equipment are stated at historical cost less accumulated depreciation, and accumulated impairment loss, if any. Historical cost comprises of the purchase price including duties and non-refundable taxes, borrowing cost if capitalisation criteria's are met, directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management and initial estimate of decommissioning, restoring and similar liabilities.

Subsequent costs related to an item of property, plant and equipment are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in Statement of Profit and Loss during the reporting period when they are incurred.

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

Property, plant and equipment individually costing ₹ 5,000 or less are depreciated at 100% in the year in which such assets are ready to use.

Depreciation is calculated using the straight-line method over their estimated useful lives as follows:

The estimates of useful lives of tangible assets are as follows:

Class of asset	Useful life as per schedule II	Useful life as per Company
Furniture and fixtures	10 years	5 years
Office equipment	5 years	4 years
Computer systems	6 years for servers 3 years for other than servers	2.5-3 years

Leasehold improvements are amortised over the period of the lease or life of the asset whichever is less.

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The useful lives have been determined based on technical evaluation done by the management's expert which in certain instances are different from those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The assets residual values and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

d Intangible assets

Goodwill

Goodwill on acquisitions of business is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Company of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or Company of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

An item of intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Amortisation methods and periods

The Company amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Asset	Life in Years
Computer software	2.5-3 years
Non compete fees	3 years
Customer relations	3 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of the each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Subsequent costs related to intangible assets are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

e Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's cash generating unit's (CGU's) to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation surplus taken to other comprehensive income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or cash generating unit's (CGU's) recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit (CGU) (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

f Borrowing cost

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

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

g Leases

The Company has lease contracts for various items of computers, vehicles and buildings used in its operations. Lease terms generally ranges between 3 and 10 years.

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

Company as lessee

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

Right-of-use assets

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

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2(e) for policy on impairment of non-financial assets.

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

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Lease and non-lease component

As per Ind AS - 116, "As a practical expedient, a lessee may elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component."

The company have not opted for this practical expedient and have accounted for Lease component only.

Extension and termination option

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Management have not considered any future cash outflow for which they are potentially exposed arising due to extension and termination options.

h Investment in subsidiary

The Company recognizes its investments in subsidiary and associate companies at cost less accumulated impairment loss, if any. Cost represents amount paid for acquisition of the said investments. The details of such investment is given in note 6. Refer to the accounting policies in note 2(e) for policy on impairment of non-financial asset.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

i Financial Instruments

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.

Non-derivative financial instruments:

a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS - 115.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (OCI), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at Fair Value Through Other Comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at Fair Value Through Profit and Loss (FVTPL)\
- Equity instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI)

Debt instruments at amortised cost

A 'Debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 13.

Debt instrument at Fair Value Through Other Comprehensive income (FVTOCI)

A 'Debt instrument' is classified as at the Fair Value Through Other Comprehensive income (FVTOCI) if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent 'solely payments of principal and interest (SPPI)'.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the Effective Interest Rate (EIR) method.

Debt instrument at Fair Value Through Profit and Loss (FVTPL)

Fair Value Through Profit and Loss (FVTPL) is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as Fair Value Through Other Comprehensive income (FVTOCI), is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

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Equity investments

All equity investments in scope of Ind AS - 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS - 103 applies are classified as at Fair Value Through Profit and Loss (FVTPL). For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at Fair Value Through Other Comprehensive income (FVTOCI), then all fair value changes on the instrument, excluding dividends, are recognised in the Other Comprehensive income (OCI). There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

  When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Reclassification of financial assets

The Company determines classification of financial assets on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Impairment of financial assets

In accordance with Ind AS - 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance

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(All amounts in ₹ lakhs, unless otherwise stated)

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS - 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

b) Financial Liabilities :

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts. The subsequent measurement of financial liabilities depends on their classification, which is described below.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit and loss (FVTPL)

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at Fair Value Through Profit or Loss (FVTPL). Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS - 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains or losses attributable to changes in own credit risk are recognised in other comprehensive income (OCI). These gains/ loss are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

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(All amounts in ₹ lakhs, unless otherwise stated)

c) Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains or losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to borrowings. For more information refer note 19

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

d) Offsetting of financial instruments

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

Derivative financial instruments and hedge accounting:

Initial recognition and subsequent measurement :

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income (OCI) and later reclassified to Statement of Profit and Loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The Company designates certain foreign exchange forward and interest rate swaps as cash flow hedges with an intention to hedge its existing liabilities and highly probable transaction in foreign currency. When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedge reserve is reclassified to the Statement of Profit and Loss.

Compulsory convertible preference shares

Compulsory convertible preference shares (CCPS) are classified as a liability or equity components based on the terms of the contract and in accordance with Ind AS - 32 (Financial instruments: Presentation). CCPS issued by the Company classified as equity is carried at its transaction value and shown within "other equity". CCPS issued by the Company classified as liability is initially recognised at fair value (issue price). Subsequent to initial recognition, such CCPS is fair valued through the Statement of Profit and Loss. On modification of CCPS from liability to equity, the CCPS is recorded at the fair value of CCPS classified as equity and the difference in fair value is recorded as a gain or loss on modification in the Statement of Profit and Loss.

j 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. All assets and liabilities for which fair value is measured or disclosed in the Standalone Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

k Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow statement comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Standalone Statement of Cash Flows , cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

l Foreign currency translation

(i) Functional and presentation currency:

Items included in the Standalone Financial Statements of the company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Indian rupee (₹), which is functional and presentation currency of the Company.

ii) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in Statement of Profit and Loss.

m Employee Benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current financial liabilities in the balance sheet.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Other long-term employee benefit obligations

The liabilities for leave balance are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields on government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The company operates the following post-employment schemes:

(a) defined benefit plans - gratuity, and

(b) defined contribution plans such as provident fund.

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have term approximating the term of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

of Changes in Equity and in the balance sheet. Such accumulated re-measurement balances are never reclassified into the Statement of Profit and Loss subsequently.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Defined contribution plan

Retirement benefit in the form of provident fund scheme, Social security, National Insurance, Superannuation, Medicare schemes are the defined contribution plans. The Company has no obligation, other than the contribution payable. The Company recognizes contribution payable to these schemes as an expenditure, when an employee renders the related service.

n Employee share based payments

Certain employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

Equity-settled transactions:

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using a black Scholes model except for the option on date of modification of plan from cash settled to equity settled transaction (refer modification of plan).

That cost is recognised, together with a corresponding increase in employees stock option reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Statement of Profit and Loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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

o Taxation

Income tax comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to an item recognised directly in the other comprehensive income.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Current income tax relating to items recognised outside the Statement of Profit and Loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income (OCI) or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

In the situations where Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where they operate, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the concerned entity's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognised in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle the asset and the liability on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in Statement of Profit and Loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the Statement of Profit and Loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

p Treasury shares

The Company has created an Employee Benefit Trust (EBT) for providing share-based payment to its employees. The Company uses EBT as a vehicle for distributing shares to employees under the employee remuneration schemes. The EBT buys shares from the Company, for giving shares to employees. The Company treats EBT as its extension and shares held by EBT are treated as treasury shares. Refer note 17.

No gain or loss is recognised in statement of profit and loss on the issue or cancellation of the Company's own equity instruments.

On consolidation of EBT with the Company, the value of shares held by trust is shown as a deduction from equity (i.e. reduction from share capital to the extent of face value and remaining from securities premium). Gains/ losses recognized by the trust on issue of shares are shown as a part of securities premium.

Share options exercised during the reporting period are satisfied with treasury shares.

q Provisions and Contingent Liabilities

Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for warranty

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the management duly taking into account the current and past technical estimates. The estimate of such warranty-related costs is revised annually.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses it in the Standalone Financial Statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

r Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Company has identified three reportable segment based on the dominant source, nature of risks and return and the internal organisation and management structure and for which discrete financial information is available. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Refer note 42 for segment information and segment reporting.

s Earnings/(Loss) per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the Company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period (including treasury share).

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions and CCPS during the year.

Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into.

t Change in accounting policies and disclosure

(i) Amendment to Ind AS 116 : Covid-19- Related Rent Concessions.

The amendment provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions as a direct consequence of Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee who makes this election accounts for any change in lease payments resulting from Covid-19 rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The Company has availed this practical expedient. Refer note 27.

(ii) Amendment to Ind AS 103 Business Combination:

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all the inputs and processess needed to create outputs.

The Company has considered the above amendment in assessing the business combination transaction entered during the year and it had no impact on the financial statments of the Company.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

u Standards notified but not yet effective:

There were no standard notified but not yet effective upto the date of issuance of the Company's financial statements.

v Critical estimates and judgements

The preparation of the Standalone Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. The areas involving significant estimates or critical judgements are:

Significant estimates

(a) Defined benefit plans

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

The parameter most subject to change is the discount rate. The mortality rate is based on publicly available mortality table in India. The mortality tables tend to change only at interval in response to demographic changes. Further salary increases and gratuity increases are based on expected future inflation rates. Further details about the gratuity obligations are given in Note 35.

(b) Impairment of Investment in subsidiary

The Company has investment in subsidiary which have been tested for impairment as at the year end. Estimates involved in this assessment are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on these subsidiaries that are believed to be reasonable under the circumstances.

(c) Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to 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.

(d) Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

At the time of finalisation of these financial statements the severity of the pandemic in the form of Wave 2 is peaking across the country and on account of which various state Governments have imposed lockdown like restrictions in various parts of the country. The situation though is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future spread of COVID-19 and thus the full impact still remains uncertain and could be different from the estimates considered while preparing these financial statements. The Company will continue to closely monitor any material changes to future economic conditions.

Critical judgements

Deferred taxes

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all the deductible temporary differences, carry forward of unused tax credits and unused tax losses, however the same is restricted to the extent of the deferred tax liabilities unless it is probable that sufficient taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Refer note 11.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

3 Property, plant and equipment

	Computer Systems	Office equipments	Furniture and fixtures	Leasehold improvements	Total	Capital work-in-progress
Cost or valuation						
As at April 01, 2019	**193**	**99**	**20**	**43**	**355**	**-**
Additions	23	17	3	3	46	-
As at March 31, 2020	**216**	**116**	**23**	**46**	**401**	**-**
Additions	44	18	2	-	64	14
Disposals	(13)	-	-	-	(13)	-
As at March 31, 2021	**247**	**134**	**25**	**46**	**452**	**14**
Accumulated Depreciation						
As at April 01, 2019	**80**	**41**	**9**	**13**	**143**	**-**
Charge for the year	108	37	7	15	167	-
As at March 31, 2020	**188**	**78**	**16**	**28**	**310**	**-**
Charge for the year	44	20	9	15	88	-
Disposals	(13)	-	-	-	(13)	-
As at March 31, 2021	**219**	**98**	**25**	**43**	**385**	**-**
Net book value						
As at March 31, 2020	**28**	**38**	**7**	**18**	**91**	**-**
As at March 31, 2021	**28**	**36**	**-**	**3**	**67**	**14**

4 Intangible Assets

	Goodwill	Other intangible assets				Intangible assets under development
		Customer relationships	Non-compete	Computer software	Total	
Cost or valuation						
As at April 01, 2019	**2,498**	**204**	**11**	**187**	**402**	**17**
Additions	-	-	-	67	67	-
As at March 31, 2020	**2,498**	**204**	**11**	**254**	**469**	**17**
Additions	-	-	-	19	19	-
Transfer from intangible assets under development	-	-	-	17	17	(17)
As at March 31, 2021	**2,498**	**204**	**11**	**290**	**505**	**-**
Accumulated amortisation						
As at April 01, 2019	**761**	**94**	**5**	**106**	**205**	**-**
Charge for the year	-	106	5	80	191	-
Impairment charge	1,126	-	-	-	-	-
As at March 31, 2020	**1,887**	**200**	**10**	**186**	**396**	**-**
Charge for the year	-	4	1	39	44	
As at March 31, 2021	**1,887**	**204**	**11**	**225**	**440**	**-**
Net book value						
As at March 31, 2020	**611**	**4**	**1**	**68**	**73**	**17**
As at March 31, 2021	**611**	**-**	**-**	**65**	**65**	**-**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Impairment of goodwill

The Goodwill of ₹ 1,887 lakhs relates to business acquisition of OSS Cube Solutions Limited and ₹ 611 lakhs relates to the business acquisition of Cupola Technology Private Limited which has been allocated to OSS Cube and Internet of things (IoT) cash generating units (CGUs) respectively. The Company tests whether goodwill has suffered any impairment on an annual basis for IoT CGU. The recoverable amount of the CGU is determined based on value-in-use calculations which require the use of assumptions. The value-in-use is calculated using the cash flow projections based on financial budgets approved by management covering a five year period.

The following table sets out the key assumption for calculation of value-in-use for these CGUs:

	OSS Cube		IoT	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Discount rate	NA	16.78%	15.89%	16.64%
Long term growth rate	NA	2.00%	4.00%	4.00%
Sales growth	NA	5.00%	10.00%	10.00%
Carrying value of goodwill	-	-	611	611

The discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets of the CGU.

The Company has recognised goodwill impairment of ₹ Nil (March 31, 2020 : ₹ 1,126 lakhs) relating to OSS Cube business during the year ended March 31, 2021. Since the entire goodwill was impaired during the year ended March 31, 2020, sensitivity analysis has not been disclosed.

There is no impairment noted in the IoT CGU based on the assessment performed by the management. Management has performed sensitivity analysis around the base assumption and have concluded that no reasonable possible change in key assumptions would cause the recoverable amount of the IoT CGU lower than the carrying amount of CGU.

5 Right-of-use assets

	Computer systems	Office buildings	Motor vehicles	Total
As at April 01, 2019	**300**	**3,584**	**80**	**3,964**
Additions	663	43	-	706
Depreciation	(291)	(1,324)	(50)	(1,665)
As at March 31, 2020	**672**	**2,303**	**30**	**3,005**
Additions	609	466		1,075
Depreciation	(448)	(1,464)	(19)	(1,931)
As at March 31, 2021	**833**	**1,305**	**11**	**2,149**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

6 Investments

Unquoted, carried at cost less impairment

	March 31, 2021	March 31, 2020
Investment in Subsidiaries:		
Investment in Membership interest of Happiest Mind Technologies LLC#	-	2,222
Nil (March 31, 2020: 100% membership interest)		
Investment in Equity shares of Happiest Minds Inc. (formerly known as PGS Inc.) - refer note 1 below	9,720	-
1,00,000 (March 31, 2020: Nil) equity shares of face value of $1 each, fully paid	**9,720**	**2,222**
Less: Impairment in value of investment*	-	(2,222)
	9,720	**-**
Aggregate amount of quoted investment and market value thereof	-	-
Aggregate amount of unquoted investment	9,720	2,222
Aggregate amount of impairment in the value of investments	-	(2,222)

* Based on the internal assessment carried out, impairment is recorded against the membership interest in Happiest Mind Technologies LLC.

Note : Investment in subsidiaries includes principal place of business and proportion of ownership interest:

Name of entity	Nature	Country of incorporation	Ownership interest held by Company in %	
			March 31, 2021	March 31, 2020
Happiest Mind Technologies LLC#	Subsidiary	USA	-	100
Happiest Minds Inc. (formerly known as PGS Inc.)	Subsidiary	USA	100	-

Liquidated on June 1, 2020. Refer note 44

Note 1:

On January 27, 2021, the Company signed definitive agreements acquiring 100% voting interest in PGS Inc., a US based end-to-end digital e-commerce solutions company, from Moonscape Inc., USA (parent company of PGS Inc.) for total computed/recorded consideration of US $ 13.31 million (₹ 9,720 lakhs), comprising cash consideration of US $ 8.25 million (₹ 6,025 lakhs) and fair-valued contingent consideration in the form of warrants of US $ 5.06 million (₹ 3,696 lakhs) over the next three years, to be settled by PGS Inc. to Moonscape Inc. with the backing by Company, of the warrant liability settlement, subject to achievement of set targets for respective years. The acquisition is expected to strengthen Company's digital e-commerce solutions to its customers looking for online offering of their products/services.

	Amount
Purchase consideration	
Cash consideration	6,025
Contingent consideration	3,695
Total purchase consideration	**9,720**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

7 Loans

Carried at amortised cost

	March 31, 2021	March 31, 2020
Non-current		
Loans considered good - Unsecured		
Security deposit	349	767
	349	**767**
Current		
Loans considered good - Unsecured		
Loan to employees	14	64
Security deposit - refer note 1 below	798	36
Loans - credit impaired		
Loan to related party - refer note 39	-	53
Security deposit	1	1
	813	**154**
Less: Allowance for credit impaired loans	(1)	(54)
	812	**100**

Note 1:

In the current year, the Company has deposited ₹ 300 lakhs to NSE/BSE as a bank guarantee for the purpose of IPO.

8 Other financial assets

		March 31, 2021	March 31, 2020
(a)	**Other financial assets carried at amortised cost**		
	(unsecured, considered good, unless otherwise stated)		
	Non-current		
	Fixed deposit with maturity of more than 12 months	1,733	183
	Margin money deposits - refer note (i) below	376	185
		2,109	**368**
(i)	Margin money deposit is used to secure:		
	Term loan - RBL bank	-	135
	Term loan - Federal bank	370	-
	Guarantees given	6	50
	Current		
	Interest accrued on fixed deposit	52	71
	Unbilled revenue	5,802	4,471
	Other receivables	34	6
		5,888	**4,548**
	Unbilled revenue - credit impaired	132	91
	Less: loss allowance on unbilled revenue	(132)	(91)
		5,888	**4,548**
(b)	**Derivative instruments carried at fair value through OCI**		
	Cash flow hedges		
	Foreign currency forward contracts	523	5
	Interest rate Swaps	-	14
		523	**19**
Total other current financial assets		**6,411**	**4,567**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

9 Income tax assets (net)

	March 31, 2021	March 31, 2020
Non - current	1,408	1,335
Income tax assets (net)	**1,408**	**1,335**

10 Other assets

	March 31, 2021	March 31, 2020
Non - current		
Prepaid expenses	7	33
	7	**33**
Current		
Prepaid expenses	772	573
Balances with statutory / government authorities	449	254
Advance to employees against expenses	22	43
Advance to suppliers	59	193
	1,302	**1,063**

11 Deferred tax assets (net)

The Company has recognised deferred tax on temporary deductible difference which are probable to be available against future taxable profit.

	March 31, 2021	March 31, 2020
Deferred tax assets (net)	1,026	-
	1,026	**-**

Significant components and movement in deferred tax assets and liabilities during the year :

	April 01, 2020	Recognised in profit or loss [charge/(credit)]	Recognised in Other comprehensive income [charge/(credit)]	March 31, 2021
Deferred tax liability				
Mutual funds	-	54	-	54
Property, plant and equipment and intangible assets	-	16	-	16
Derivative assets	-	-	128	128
Total deferred tax liabilities	**-**	**70**	**128**	**198**
Deferred tax assets				
Loss allowance on trade receivables	-	(318)	-	(318)
Lease liability and Right-of-use assets	-	(125)	-	(125)
Provision for gratuity and leave encashment	-	(582)	(36)	(618)
Others	-	(163)	-	(163)
Total deferred tax assets	**-**	**(1,188)**	**(36)**	**(1,224)**
Deferred tax assets (net)	**-**	**(1,118)**	**92**	**(1,026)**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

12 Investments

Carried at fair value through statement of profit and loss

	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Units in lakhs	Units in lakhs	Amount	Amount
Current				
Franklin Templeton - TMA Super IP - Growth	-	*	-	269
ICICI Prudential - Short term - Growth #	9	9	405	372
ICICI Prudential - Short term fund - Growth	-	20	-	913
ICICI Prudential - Savings Fund - Growth	-	11	-	4,227
Kotak - Banking & PSU Debt fund - Growth	-	19	-	915
L&T - Banking & PSU Debt fund - Growth	-	91	-	1,641
Axis - Treasury Advantage Fund - Growth	1	-	2,954	-
HDFC - Ultra short term fund - Growth	756	-	9,028	-
IDFC - Ultra short term fund - Growth	365	-	4,368	-
Kotak - Savings Fund - Growth	210	-	7,282	-
Aditya Birla - Savings Fund - Growth	16	-	6,759	-
ICICI Prudential - Ultra short term fund - Growth	301	-	6,865	-
ICICI Prudential - Liquid Fund - Growth	5	-	1,487	-
			39,148	**8,337**

Note:

9 lakhs units of mutual funds of ICICI prudential mutual fund (March 31, 2020 - 9 lakhs units) is pledged with RBL Bank as security towards packing credit facilities availed by the Company for the year ended March 31, 2021.

* Units are not presented as they are below the rounding off norms adopted by the Company.

Aggregate book value of quoted investments	39,148	8,337
Aggregate market value of quoted investments	39,148	8,337
Aggregate book value of unquoted investments	-	-
Aggregate market value of unquoted investments	-	-

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

13 Trade receivables

Carried at amortised cost

	March 31, 2021	March 31, 2020
Current		
Trade receivables - others	10,912	11,487
Trade receivables - related party - refer note 39	698	-
Total trade receivables	**11,610**	**11,487**
Break-up for security details		
Secured, considered good	-	-
Unsecured, considered good	12,875	12,759
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	1,244
	12,875	**14,003**
Impairment allowance		
Secured, considered good	-	-
Unsecured, considered good	(1,265)	(1,272)
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	(1,244)
Trade receivables net of impairment	**11,610**	**11,487**

(i) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

(ii) Trade receivables are non-interest bearing and are generally on terms of 10 to 100 days.

(iii) For terms and conditions relating to related party receivables, refer note 39.

14 Cash and cash equivalents

	March 31, 2021	March 31, 2020
Balances with banks:		
- in current accounts	3,548	1,428
- in EEFC accounts	2,029	1,922
Deposits with original maturity of less than three months - refer note below	2,375	1,000
	7,952	**4,350**

Note:

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

15 Bank and bank balance other than cash and cash equivalents

	March 31, 2021	March 31, 2020
Fixed deposit	2,940	10,185
Margin money deposits - refer note (i) below	2,995	4,422
	5,935	**14,607**
(i) Margin money deposit is used to secure:		
Working capital facility and bank overdrafts	2,100	3,600
MTM shortfall	-	40
Guarantees given	895	782

16 Share Capital

Equity share capital

i) Authorised share capital

	Numbers	Amount
Equity share capital of ₹ 2 each		
As at April 01, 2019	**5,00,00,000**	**1,000**
Increase during the year	-	-
As at March 31, 2020	**5,00,00,000**	**1,000**
Increase during the year - refer note below	17,93,00,000	3,586
As at March 31, 2021	**22,93,00,000**	**4,586**

On April 29, 2020, the Board of Directors of the Company increased the authorised share capital of the Company to ₹ 4,586 lakhs divided into 22,93,00,000 equity shares of ₹ 2 each. Refer note 17 for reclassification of preference shares into equity shares.

ii) Issued, subscribed and fully paid up Equity share capital

	Numbers	Amount
Equity share capital of ₹ 2 each, fully paid up		
As at April 01, 2019	**2,98,33,252**	**597**
Conversion of preference shares during the year - refer note (1) below	1,22,25,000	245
Exercise of share options - refer note (2) below	18,40,925	37
As at March 31, 2020	**4,38,99,177**	**879**
Conversion of preference shares during the year - refer note (1) below	9,08,47,235	1,817
Exercise of share options - refer note (2) below	4,10,386	8
Issued during the year - refer note (3) below	66,26,506	133
As at March 31, 2021	**14,17,83,304**	**2,837**

(1) During the year ended March 31, 2021, 5,57,345 (March 31, 2020 - 75,000) Series A 14% Non Cumulative Compulsorily Convertible Preference Shares (CCPS) were converted into equity at a ratio of 1:163.

(2) During the year ended March 31, 2021, Employee Benefit Trust (EBT) issued 4,10,386 (March 31, 2020 - 18,40,925) equity shares to the employees upon exercise of employee stock options.

(3) During the year ended March 31, 2021, the Company has alloted 66,26,502 (March 31, 2020 - Nil) equity shares of face value ₹ 2 each, at a premium of ₹ 164 per share for cash as a part of an initial public offering vide board resolution dated September 15, 2020. Transaction costs pertaining to the issue have been debited to securities premium account.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

(iii) Terms/ rights attached to equity shares

The Company has a single class of equity share of par value ₹ 2 each. Each holder of the equity shares is entitled to one vote per share and carries a right to dividends as and when declared by the Company.

In the event of liquidation of the Company, the holders of equity shares, will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts.

(iv) Details of shareholders holding more than 5% shares in the Company: -

	March 31, 2021		March 31, 2020	
	No of Shares	Holding percentage	No of Shares	Holding percentage
Equity shares of ₹ 2 each fully paid				
Mr. Ashok Soota (Promoter)	6,00,61,701	42.36%	1,55,43,017	35.41%
Ashok Soota Medical Research LLP	1,79,48,784	12.66%	1,22,25,000	27.85%

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

(v) The Company has not issued any bonus shares or shares for consideration other than cash during the period of five years immediately preceding the reporting date.

17 Instrument entirely in the nature of equity

i) Authorised share capital

	Numbers	Amount
Series A 14% Non Cumulative Compulsorily Convertible Preference Shares of ₹ 652 each		
As at April 01, 2019	**7,50,000**	**4,890**
Increase during the year	-	-
As at March 31, 2020	**7,50,000**	**4,890**
Decrease during the year - refer note below	(5,50,000)	(3,586)
As at March 31, 2021	**2,00,000**	**1,304**

On April 29, 2020, the Board of Directors of the Company reduced the authorised share capital of the Company to ₹ 1,304 lakhs divided into 2,00,000 preference shares of ₹ 652 each. Refer note 16 for reclassification of preference share into equity shares.

ii) Issued, subscribed and fully paid up Non Cumulative Compulsorily Convertible Preference Share Capital

	Numbers	Amount
Series A 14% Non Cumulative Compulsorily Convertible Preference Shares of ₹ 652 each		
As at April 01, 2019	**3,42,073**	**2,230**
Increase on account of modification of CCPS - refer note 17 (iii) (b) & (c)	2,90,272	1,893
Conversion into equity shares during the year - refer note (16) (ii) (1)	(75,000)	(489)
As at March 31, 2020	**5,57,345**	**3,634**
Conversion into equity shares during the year - refer note (16) (ii) (1)	(5,57,345)	(3,634)
As at March 31, 2021	-	-

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

(iii) Terms/ rights attached to convertible preference shares

(a) Each holder of CCPS is entitled to receive a preferential non-cumulative dividend at 14% per annum on the par value of each share if declared by the Board of directors. Holders of CCPS shall receive preferential dividend in preference to dividend payable on equity shares and shall not participate in any further dividends declared on Equity Shares. Preference shareholders are also entitled to vote in the shareholders meeting.

Holders of CCPS are entitled to participate in the surplus proceeds (which is subject to a limit of two times the amount invested) from the liquidation event, if any, on a pro-rata basis along with all other holders of Equity Shares on a fully diluted basis.

The holders of the preference share at their option can require the Company to convert all or a part of Series A preference shares held by them into equity shares at any time during the conversion period in according to the conversion ratio defined in the agreement (i.e. 1:163)

All the preference shares shall be converted into equity shares in the ratio of 1:163 on occurrence of the following event:

1- On Expiry of the conversion period.

2- Later of (a) Date of filing Red herring prospectus with SEBI (b) Such other date as may be permitted by law in connection with Qualified IPO.

3- Upon the holders of a majority of the investors shares exercising the conversion right with respect to preference shares held by them

The investors (other than promoters) had an exit option including the buyback by the Company, if the Company's securities were not listed on any stock exchange pursuant to successful Qualified IPO undertaken by the Company. Considering the investors had cash settlement alternatives which was not under the control of the Company, the CCPS held by the investors were classified as liability till year ended March 31, 2019. The terms of the entire CCPS was modified during the year ended March 31, 2020 resulting into equity classification. Refer note (b) and (c) below.

(b) Pursuant to Share Purchase Agreement entered on July 1, 2019 between Intel Capital Corporation ("Intel") and Mr. Ashok Soota, Intel has sold 1,23,099 CCPS to Mr. Ashok Soota. Upon such transfer, the existing CCPS classified as liability was treated as instruments entirely in the nature of equity.

(c) On March 25, 2020, CMDB II had waived its right for exit option including the buyback for 1,67,173 CCPS. Upon aforesaid waiver of rights, the existing CCPS classified as liability were treated as instruments entirely in nature of equity. These CCPS on date of modification were accounted at fair value. There was no gain/loss on derecognition of liability.

(iv) Details of shareholders holding more than 5% shares in the Company

	March 31, 2021		March 31, 2020	
	No of Shares	Holding percentage	No of Shares	Holding percentage
Series A 14% Non Cumulative Compulsorily Convertible Preference Shares				
Mr. Ashok Soota (Promoter)	-	-	3,59,601	64.52%
CMDB II	-	-	1,67,173	29.99%

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

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Treasury shares

	No of shares
As at April 01, 2019	**73,31,563**
Issue for cash on exercise of share options	(18,40,925)
As at March 31, 2020	**54,90,638**
Issue for cash on exercise of share options	(4,10,386)
As at March 31, 2021	**50,80,252**

For the terms/rights attached to treasury shares refer note 16 (iii) above

18 Other equity

	March 31, 2021	March 31, 2020
Securities premium account	40,454	27,781
Retained earnings	10,637	(5,457)
Cash flow hedge reserve	378	(730)
Share options outstanding reserve	361	454
	51,830	**22,048**
a) Securities premium account		
Opening balance	27,781	18,602
Conversion of preference shares during the year - refer note (16) (ii) (1)	1,817	245
Change on account of modification of preference shares - refer note (17) (iii) (b) and (c)	-	24,481
Increase during the year - refer note (16) (ii) (3)	10,867	-
Transaction costs on issue of shares - refer note (16) (ii) (3)	(456)	-
Exercise of share option by employees	64	405
Transferred from ESOP reserve for options exercised	381	-
Reduction of capital - refer note (i) below	-	(15,952)
Closing balance	**40,454**	**27,781**
b) Retained earnings		
Opening balance	(5,457)	(28,665)
Profit for the year	16,193	7,343
Other comprehensive income recognised directly in retained earnings	(108)	(139)
Reduction of capital - refer note (i) below	-	15,952
Transferred from share option outstanding reserve for options forfeited	9	52
Closing balance	**10,637**	**(5,457)**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

		March 31, 2021	March 31, 2020
c)	**Cash flow hedge reserve**		
	Opening balance	(730)	237
	Net movement on effective portion of cash flow hedges - Refer note 37	1,108	(967)
	Closing balance	**378**	**(730)**
d)	**Share options outstanding reserve**		
	Opening balance	454	240
	Employee compensation expense for the year - Refer note 43	297	266
	Transferred to retained earnings for options forfeited	(9)	(52)
	Transferred to securities premium for options exercised	(381)	-
	Closing balance	**361**	**454**

Note

(i) Capital reduction

The Company had filed for capital reduction through National Company Law Tribunal ("NCLT") and received an approval vide order dated November 5, 2019 for writing off the accumulated losses of the Company being the debit balance of Profit and Loss Account as appearing in the Standalone Financial Statements of the Company as at March 31, 2018 prepared under previous GAAP ("Indian GAAP") with Securities Premium. The accumulated losses of the Company as at March 31, 2018 was ₹ 17,233 lakhs and during the year ended March 31, 2019, the Company had earned a profit of ₹ 1,281 lakhs under Indian GAAP and the accumulated balance in Profit and Loss Account as at March 31, 2019 was ₹ 15,952 lakhs. This balance has been written off during the year ended March 31, 2020.

(ii) Nature and purpose of other reserves

a) Securities premium account :

Securities premium account has been created consequent to issue of shares at premium. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

b) Retained earnings :

Retained earnings comprises of prior year's and current year's undistributed earnings/accumulated losses after tax.

c) Cash flow hedge reserve :

The Company uses foreign currency forward contracts to hedge the highly probable forecasted transaction and interest rate swaps to hedge the interest rate risk associated with foreign currency term loan. The effective portion of fair value gain/loss of the hedge instrument is recognised in the cash flow hedge reserve. Amounts recognised in the cash flow hedge reserve is reclassified to the Statement of Profit and Loss when the hedged item affects profit or loss.

d) Share options outstanding reserve :

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

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

19 Borrowings

Carried at amortised cost

	March 31, 2021	March 31, 2020
Non current		
Secured		
Foreign currency term loan from bank - refer note (a) below	5,658	927
	5,658	**927**
Less: Current maturities of term loans	(1,997)	(795)
Total non-current borrowings	**3,661**	**132**
Current		
Secured		
Loans repayable on demand from banks		
Foreign currency loan (PCFC) - refer note (b) and (c) below	10,972	6,916
Total current borrowings	**10,972**	**6,916**

Notes

(a) Foreign currency term loan of ₹ 6,025 lakhs (USD 8.25 million) from Federal bank carries a fixed interest rate of 3.45% per annum. The loan is repayable in 36 equal monthly instalments commencing from February 28, 2021. The loan is secured by the way of exclusive charge on movable fixed assets of the Company (excluding leased asset charged to Hewlett packard) and also by lien on fixed deposit equivalent to two months instalments plus interest. The loan is raised exclusively for funding the acquisition of Happiest Minds Inc. (formerly known as PGS Inc.).

Foreign currency term loan from RBL bank carries a floating interest rate of 6m Libor + 3.1%. The loan is repayable in 45 equal monthly instalments from the date of its origination, viz., May 26, 2017, with a moratorium of 3 months. The loan is secured by charge on movable assets and also by lien on fixed deposit equivalent to two months instalments. Further, floating interest on loan has been hedged through US$ interest rate swap resulting in a fixed interest rate of 6.5% p.a. The entire loan is repaid during the year ended March 31, 2021 .

(c) PCFC loan taken from Kotak Mahindra carries an interest rate ranging 1.25 % to 3.76 % p.a. (March 31, 2020 - 4.20 % to 5.74 % p.a.) and is repayable on demand.

PCFC loan taken from RBL bank carries an interest rate ranging 1.90% to 4.07% p.a. (March 31, 2020 - 3.98% to 5.68% p.a.) and is repayable on demand.

PCFC loan taken from Federal bank carries an interest rate of 2.3% p.a. (March 31, 2020 - Nil) and is repayable on demand.

PCFC loan taken from ICICI bank carries an interest rate of 2.3% p.a. (March 31, 2020 - Nil) and is repayable on demand.

(d) PCFC are fully secured by the way of pari-passu charge on current assets of the Company and also by the way of lien on mutual funds of ₹ 405 lakhs (March 31, 2020 - ₹ 372 lakhs) (refer note 12) and fixed deposits to the extent of ₹ 600 lakhs (March 31, 2020 - ₹ 600 lakhs) (Refer note 15).

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

The table below details change in the Company's liabilities arising from financing activities, including both cash and non-cash changes

	Series A 14% Non Cumulative compulsorily convertible preference shares	Non-current borrowings	Current borrowings*
As at April 01, 2019	**26,322**	**1,579**	**6,012**
Financing cash flows (net)	-	(755)	430
Non cash movements:			
Fair value changes and others	52	9	-
Foreign exchange difference	-	94	474
Reclassified to equity on account of modification - refer note 17 (iii) (b) & (c)	(26,374)	-	-
As at March 31, 2020	**-**	**927**	**6,916**
Financing cash flows (net)	-	4,768	4,213
Non cash movements:			
Fair value changes and others	-	(32)	-
Foreign exchange difference	-	(5)	(157)
As at March 31, 2021	**-**	**5,658**	**10,972**

* includes net inflow/ (outflow) pertaining to bank overdraft which is shown as a part of cash and cash equivalent for the purpose of cash flow statements.

20 Lease liabilities

Carried at amortised cost

	March 31, 2021	March 31, 2020
Non current		
Lease liabilities	2,645	3,543
	2,645	**3,543**
Less: Current maturities of lease liabilities	(1,422)	(1,812)
Total non-current lease liabilities	**1,223**	**1,731**
Current		
Lease liabilities	1,422	1,812
Total current lease liabilities	**1,422**	**1,812**

(i) Movement in lease liabilities for year ended March 31, 2021 and March 31, 2020:

	March 31, 2021	March 31, 2020
Balance at beginning of the year	3,543	4,494
Additions	1,052	706
Finance cost incurred during the period - refer note 30	328	412
Payment of lease liabilities	(2,286)	(2,071)
Translation difference	8	2
Balance at the end of the year	**2,645**	**3,543**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

(iii) The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 and March 31, 2020

	March 31, 2021	March 31, 2020
Less than one year	1,600	2,092
one to five years	1,328	1,898
more than five years	-	-

(iv) The Company had total cash outflow of ₹ 1,985 lakhs during the year ended March 31, 2021 (March 31, 2020 - 2,071 lakhs) for leases recognized in balance sheet. The Company has made a non-cash addition to right-of-use assets and lease liabilities of ₹ 1,052 lakhs during the year ended March 31, 2021 (March 31, 2020 - ₹ 706 lakhs).

21 Other financial liabilities

	March 31, 2021	March 31, 2020
Non-current		
Carried at fair value through profit or loss		
Contingent consideration - refer note 39	2,455	-
	2,455	**-**
Current		
Carried at amortised cost		
Current maturities of term loan - refer note 19	1,997	795
Employee related liabilities	3,584	4,853
	5,581	**5,648**
Carried at fair value through profit or loss		
Contingent consideration - refer note 39	1,276	-
	1,276	**-**
Carried at fair value through other comprehensive income		
Cash flow hedges		
Foreign currency forward contracts	17	749
	17	**749**
Total other financial liabilities	**6,874**	**6,397**

22 Provisions

	March 31, 2021	March 31, 2020
Non-current		
Provision for gratuity - refer note 35	1,653	1,255
	1,653	**1,255**
Current		
Provision for gratuity - refer note 35	240	240
Provision for compensated absences	1,243	941
Other provisions		
Provision for warranty	25	65
	1,508	**1,246**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Movement during the year - Provision for warranty	
As at April 01, 2019	**7**
Arising during the year	60
Utilised/ reversed during the year	(2)
As at March 31, 2020	**65**
Arising during the year	-
Utilised/ reversed during the year	(40)
As at March 31, 2021	**25**

23 Contract liabilities

	March 31, 2021	March 31, 2020
Unearned revenue - refer note (i) below	763	781
	763	**781**

(i) The Company has rendered the service and have recognised the revenue of ₹ 768 lakhs (March 31, 2020: ₹ 857 lakhs) during the year from the unearned revenue balance at the beginning of the year.

24 Trade payables

Carried at amortised cost

	March 31, 2021	March 31, 2020
Total outstanding dues of micro enterprises and small enterprises - refer note (iii) below	95	12
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,478	3,451
	3,573	**3,463**
Terms and conditions of above trade payables:		
(i) Trade payables are non-interest bearing and are normally settled on 0 to 30 days terms		
(ii) For explanation of company's credit risk management - refer note 37		
(iii) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 - refer below note		

Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006

Particular	March 31, 2021	March 31, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
Principal amount due to micro and small enterprises	95	12
Interest due on the above	-	-
(i) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(ii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(iii) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(iv) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	-	-

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

25 Other liabilities

	March 31, 2021	March 31, 2020
Current		
Statutory dues payable	1,475	500
Other payables	449	17
	1,924	**517**

26 Revenue from contract with customers

	For the year ended	
	March 31, 2021	March 31, 2020
Sale of service	76,061	69,760
Sale of licenses	35	61
	76,096	**69,821**

26.1 Disaggregated revenue information

Segment	For the year ended March 31, 2021			
	Infrastructure Management & Security Services	Digital Business Solutions	Product Engineering Services	Total
Revenue from contract with customers	16,421	20,043	39,632	76,096
Total revenue from contracts with customers	**16,421**	**20,043**	**39,632**	**76,096**
India	6,078	2,103	2,283	10,464
Outside India	10,343	17,941	37,348	65,632
Total revenue from contracts with customers	**16,421**	**20,044**	**39,631**	**76,096**
Timing of revenue recognition				
Licenses transferred at a point in time	-	35	-	35
Services transferred over time	16,423	20,010	39,628	76,061
Total revenue from contracts with customers	**16,423**	**20,045**	**39,628**	**76,096**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Segment	For the year ended March 31, 2020			
	Infrastructure Management & Security Services	Digital Business Solutions	Product Engineering Services	Total
Revenue from contract with customers	15,361	19,167	35,293	69,821
Total revenue from contracts with customers	**15,361**	**19,167**	**35,293**	**69,821**
India	5,192	951	2,191	8,334
Outside India	10,168	18,213	33,106	61,487
Total revenue from contracts with customers	**15,360**	**19,164**	**35,297**	**69,821**
Timing of revenue recognition				
Licenses transferred at a point in time	13	48	-	61
Services transferred over time	15,348	19,116	35,296	69,760
Total revenue from contracts with customers	**15,361**	**19,164**	**35,296**	**69,821**

26.2 Contract balances

	March 31, 2021	March 31, 2020
Trade receivables	11,610	11,487
Contract assets	5,802	4,471
Contract liability	763	781

26.3 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

	For the year ended	
	March 31, 2021	March 31, 2020
Revenue as per contract price	76,554	69,910
Discount	(458)	(89)
Revenue from contract with customers	**76,096**	**69,821**

The Company has applied practical expedient as given in Ind AS 115 for not disclosing the remaining performance obligation for contracts that have original expected duration of one year or lesser. The Company have fixed price contracts for a period of more than one year, the remaining performance obligation for these contracts is ₹ 7,089 lakhs (March 31, 2020: ₹ 10,295 lakhs). The revenue for remaining performance obligation is expected to be recognised over period of 1-4 years (March 31, 2020: 1-4 years).

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

27 Other income

	For the year ended	
	March 31, 2021	March 31, 2020
Interest income on:		
Deposits with bank	709	369
Income tax refund	49	26
Financial instrument measured at amortised cost	80	68
	838	**463**
Fair value gain on investment measured at FVTPL	184	121
Gain on sale of investments measured at FVTPL	671	455
Exchange gain	79	517
Settlement claim - refer note (i) below	212	-
Rent concession - refer note (ii) below	302	-
Miscellaneous income	56	42
	1,504	**1,135**
	2,342	**1,598**

(i) The Company had entered into Membership Interest Purchase Agreement on May 29, 2017 to acquire interest in OSS Cube LLC. As per terms of Membership Interest Purchase Agreement, the sellers of OSS Cube LLC had to pay ₹ 100 lakhs towards shortfall in working capital and accounts receivable for which the Company made a claim with the sellers through US attorneys in May 2018. The Counsel representing sellers responded in June 2018, admitting the claim to the extent of ₹ 63 lakhs and have made a counterclaim of ₹ 558 lakhs for breach of earn-out/contingent payment. On April 15, 2020, a settlement was reached and settlement agreement has been entered by both the parties wherein the sellers have agreed to pay ₹ 212 lakhs (USD 2,80,000) over an agreed period of time and all claims by the seller have been relinquished.

The Company is also subject to certain other claims and suits that arise from time to time in the ordinary conduct of its business. While the Company currently believes that such claims, individually or in aggregate, will not have a material adverse impact on its financial position, cash flows, or results of operations, the litigation and other claims are subject to inherent uncertainties, and management's view of these matters may change in the future. Were an unfavourable final outcome to occur in any one or more of these matters, there exists the possibility of a material adverse impact on the Company's business, reputation, financial condition, cash flows, and results of operations for the period in which the effect becomes reasonably estimable.

The Company received settlement amount of ₹ 212 lakhs (USD 2,80,000) from OSS Cube LLC wide settlement and mutual release agreement signed on April 15, 2020 which was recorded by the Company in the Profit and Loss Statement.

(ii) During the year ended March 31, 2021, there is a rent concession allowed as a direct consequence of the Covid-19 pandemic. Rent concession has resulted in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change. Reduction in lease payments affect only payments originally due on or before the June 30, 2021 and there is no substantive change to other terms and conditions of the lease. As a practical expedient, the Company has elected not to assess rent concession as a lease modification. The Company has accounted the change in lease payments resulting from rent concession in the same way as it would account for the change under Ind AS 116, if the change were not a lease modification.

28 Employee benefits expense

	For the year ended	
	March 31, 2021	March 31, 2020
Salaries, wages and bonus	41,297	41,089
Contribution to provident fund	2,087	1,905
Employee stock compensation expense - refer note 43	297	266
Gratuity expense - refer note 35	408	317
Compensated absences	689	382
Staff welfare expenses	234	164
	45,012	**44,123**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

29 Depreciation and amortisation expense

	For the year ended	
	March 31, 2021	March 31, 2020
Depreciation of property, plant and equipment - refer note 3	88	167
Amortisation of intangible assets - refer note 4	44	191
Depreciation of right-of-use assets - refer note 5	1,931	1,665
	2,063	**2,023**

30 Finance costs

	For the year ended	
	March 31, 2021	March 31, 2020
Interest expense on:		
Borrowings	336	335
Lease liabilities- refer note 20	328	412
Fair value loss on CCPS	-	52
Fair value loss on contingent consideration	28	-
	692	**799**

31 Other expenses

	For the year ended	
	March 31, 2021	March 31, 2020
Power and fuel	184	449
Subcontractor charges	6,797	7,271
Repairs and maintenance		
- Buildings	101	193
- Equipments	27	25
- Others	208	404
Rent expenses - refer note (ii) below	151	246
Advertising and business promotion expenses	69	263
Commission	139	186
Communication costs	257	287
Insurance	44	36
Legal and professional fees - refer note (i) below	271	1,143
Software license cost	1,732	1,227
Rates and taxes	61	31
Recruitment charges	351	230
Sitting fees to non-executive directors - refer note 39	56	9
Commission to non-executive directors - refer note 39	24	-
Corporate Social Responsibility ('CSR') expenditure - refer note 40	75	21
Impairment loss allowance on trade receivables	845	548
Impairment loss / (written back) on loans	59	53
Impairment loss allowance on unbilled revenue	41	56
Travelling and conveyance	427	2,910
Miscellaneous expenses	150	227
	12,069	**15,815**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

(i) Payment to auditors:

	For the year ended	
	March 31, 2021	March 31, 2020
As auditor:		
Audit fee	70	30
In other capacity		
Certification fees	9	3
Reimbursement of expenses	2	2
	81	**35**

(ii) Rent expense recorded under other expenses are lease rental for short-term leases

32 Exceptional items

	For the year ended	
	March 31, 2021	March 31, 2020
Impairment of goodwill - refer note 4	-	1,126
	-	**1,126**

33 Income tax expense

		For the year ended	
		March 31, 2021	March 31, 2020
a)	**Statement of profit or loss**		
	Current tax	3,527	172
	Adjustment of tax relating to earlier periods	-	18
	Deferred tax credit	(1,118)	-
	Income tax expense	**2,409**	**190**
b)	**Statement of other comprehensive income**		
	On net movement on effective portion of cash flow hedges	(128)	-
	On re-measurement losses on defined benefit plans	36	-
		(92)	**-**
Reconciliation of tax expense and tax based on accounting profit:			
Profit before income tax expense		18,602	7,533
Tax at the Indian tax rate of 25.17% (March 31, 2020: 25.17%)		4,682	1,896
Tax effect of:			
Utilisation of previous year losses for which no deferred tax was created		(400)	(2,260)
Deferred tax recognised during the year net of reversal of temporary difference		(1,831)	-
Deferred tax not recognised on current year temporary difference		-	292
Effect on change in rates		-	225
Others		(42)	37
Income tax expense		**2,409**	**190**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

34 Earnings per share ['EPS']

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

	For the year ended	
	March 31, 2021	March 31, 2020
Profit after tax attributable to equity holders of the Company (a) (₹ in lakhs)	16,193	7,343
Weighted average number of shares outstanding during the year for basic EPS (b)	13,82,98,186	10,17,92,647
Weighted average number of shares outstanding during the year for diluted EPS (c)	14,18,87,367	13,36,88,639
Basic earnings per share (in ₹) (a/b)	11.71	7.21
Diluted earnings per share (in ₹) (a/c)	11.41	5.49
Equity share reconciliation for EPS		
Equity share outstanding	12,27,00,079	3,09,71,750
CCPS convertible into Equity shares	1,55,98,107	7,08,20,897
Total considered for basic EPS	**13,82,98,186**	**10,17,92,647**
Add: ESOP options / CCPS	35,89,181	3,18,95,992
Total considered for diluted EPS	**14,18,87,367**	**13,36,88,639**

35 Employee benefits plan

(i) Defined contribution plans - Provident Fund

The Company makes contributions for qualifying employees to Provident Fund and other defined contribution plans. During the year, the Company recognised ₹ 2,087 lakhs (March 31, 2020: ₹ 1,905 lakhs) towards defined contribution plans.

(ii) Defined benefit plans (funded):

The Company provides for gratuity for employees in India as per the Payment of Gratuity (Amendment) Act, 2018. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The Gratuity plan of the Company is funded with qualifying life insurance Company.

Gratuity is a defined benefit plan and company is exposed to the Following Risks:

Interest risk	A decrease in the bond interest rate will increase the plan liability.
Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

	March 31, 2021	March 31, 2020
Current	240	240
Non-current	1,653	1,255
	1,893	**1,495**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

The following table sets out movement in defined benefits liability and the amount recognised in the financial statements:

Changes in the defined benefit obligation and fair value of plan assets for the year ended March 31, 2021:

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 01, 2020	**1,539**	**44**	**1,495**
Current service cost	322	-	322
Net interest expense	89	3	86
Total amount recognised in statement of profit and loss	**411**	**3**	**408**
Benefits paid	(99)	(99)	-
Remeasurement			
Return on plan assets	-	2	(2)
Actuarial changes arising from changes in demographic assumptions	(7)	-	(7)
Actuarial changes arising from changes in financial assumptions	160	-	160
Experience adjustments	(7)	-	(7)
Total amount recognised in other comprehensive income	**146**	**2**	**144**
Contributions by employer	-	154	(154)
As at March 31, 2021	**1,997**	**104**	**1,893**

Changes in the defined benefit obligation and fair value of plan assets for the year ended March 31, 2020:

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 01, 2019	**1,200**	**40**	**1,160**
Current service cost	239	-	239
Net interest expense	81	3	78
Total amount recognised in statement of profit and loss	**320**	**3**	**317**
Benefits paid	(119)	(119)	-
Remeasurement			
Return on plan assets	-	(1)	1
Actuarial changes arising from changes in demographic assumptions	127	-	127
Actuarial changes arising from changes in financial assumptions	(118)	-	(118)
Experience adjustments	129	-	129
Total amount recognised in other comprehensive income	**138**	**(1)**	**139**
Contributions by employer	-	121	(121)
As at March 31, 2020	**1,539**	**44**	**1,495**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

The major categories of plan assets of the fair value of the total plan assets are as follows:

	March 31, 2021	March 31, 2020
Insurance fund	104	44
Total	**104**	**44**

The principal assumptions used in determining gratuity benefit obligations for the company's plans are shown below:

	March 31, 2021	March 31, 2020
Discount rate	5.58%	5.76%
Expected return on plan assets	5.58%	5.76%
Future salary increases	11.00% p.a. for the next 1 year, 7.00% p.a. for the next 2 years, starting from the 2nd year 9.00 p.a. thereafter, starting from the 4th year	3.00% p.a. for the next 2 years, 6.00% p.a. for the next 2 years, starting from the 3rd year 9.00 p.a. thereafter, starting from the 5th year
Employee turnover	20.00%	19.70%
Mortality	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

A quantitative sensitivity analysis for significant assumptions are as shown below:

	Sensitivity Level	March 31, 2021		March 31, 2020	
		Defined benefit obligation on increase/decrease in assumptions			
		Increase	Decrease	Increase	Decrease
Discount rate	1% increase / decrease	(87)	96	(65)	71
Future salary increase	1% increase / decrease	91	(85)	70	(65)
Attrition rate	1% increase / decrease	(28)	30	(17)	18

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

The following payments are expected cash flows to the defined benefit plan in future years:

Expected contributions to defined benefits plan for the year ended March 31, 2021 is ₹ 240 lakhs (March 31, 2020: ₹ 899 lakhs). The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (March 31, 2020: 6 years). The expected maturity analysis of undiscounted gratuity is as follows:

	March 31, 2021	March 31, 2020
Within the next 12 months	294	250
Between 2 and 5 years	1,000	774
Between 6 and 10 years	751	571
Beyond 10 years	645	481

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

36 Fair value measurement

i) The carrying value of financial assets by categories is as follows:

	March 31, 2021	March 31, 2020
Measured at fair value through other comprehensive income (FVOCI)		
Foreign currency forward contracts	523	5
Interest rate swaps	-	14
Total financial assets measured at FVOCI	**523**	**19**
Measured at fair value through statement of profit and loss (FVTPL)		
Investment in mutual funds	39,148	8,337
Total financial assets measured at FVTPL	**39,148**	**8,337**
Measured at amortised cost		
Security deposits	1,147	803
Investment in subsidiary	9,720	-
Loans to employees	14	64
Other financial assets - others	7,997	4,916
Trade receivables	11,610	11,487
Bank and bank balance other than cash and cash equivalents	5,935	14,607
Cash and cash equivalents	7,952	4,350
Total financial assets measured at amortised cost	**44,375**	**36,227**
Total financial assets	**84,046**	**44,583**

ii) The carrying value of financial liabilities by categories is as follows:

	March 31, 2021	March 31, 2020
Measured at fair value through other comprehensive income (FVOCI)		
Foreign currency forward contracts	17	749
Total financial liabilities measured at FVOCI	**17**	**749**
Measured at fair value through statement of profit and loss (FVTPL)		
Contingent consideration	3,731	
Total financial liabilities measured at FVTPL	**3,731**	**-**
Measured at amortised cost		
Foreign currency term loan	5,658	927
Lease liabilities	2,645	3,543
Bank overdraft and cash credit	10,972	6,916
Trade payables	3,573	3,463
Other financial liabilities	3,584	4,853
Total financial liabilities measured at amortised cost	**26,432**	**19,702**
Total financial liabilities	**30,180**	**20,451**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

iii) Fair value hierarchy

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

	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
	March 31, 2021			
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	523	-	523
Measured at fair value through statement of profit and loss (FVTPL)				
Investment in mutual funds	39,148	-	-	39,148
Total financial asset measured at fair value	**39,148**	**523**	**-**	**39,671**
Measured at fair value through statement of profit and loss (FVTPL)				
Contingent consideration	-	-	3,731	3,731
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	17	-	17
Total financial liabilities measured at Fair value	**-**	**17**	**3,731**	**3,748**

	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
	March 31, 2020			
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	5	-	5
Interest rate Swaps	-	14	-	14
Measured at fair value through statement of profit and loss (FVTPL)				
Investment in mutual funds	8,337	-	-	8,337
Total financial asset measured at fair value	**8,337**	**19**	**-**	**8,356**
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	749	-	749
Total financial liabilities measured at Fair value	**-**	**749**	**-**	**749**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Notes:

The fair value of the financial assets and liabilities are measured at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

a) The fair value of liquid mutual funds is based on the net assets value (NAV) as declared by the fund house.

b) The Company has entered into foreign currency forward contract to hedge the highly probable forecast transaction and interest rate swap to hedge the foreign currency term loan. The derivative financial instrument is entered with the financial institutions with investment grade ratings. Interest rate swaps and foreign exchange forward contracts are valued based on valuation models which include use of market observable inputs, the mark to market valuation is provided by the financial institution as at reporting date. The valuation of derivative contracts are categorised as level 2 in fair value hierarchy disclosure.

c) The management assessed that cash and cash equivalent, trade receivables, trade payables, other financial assets-others (current), other financial liability (current), bank overdraft and cash credit, lease liabilities (current) and loans to employees approximates their fair value largely due to short-term maturities of these instruments. Further the management also estimates that the carrying amount of foreign currency term loan at floating and fixed interest rates are the reasonable approximation of their fair value and the difference between carrying amount and their fair value is not significant.

d) The Group has valued contingent consideration by using the monte carlo simulation approach.

e) The fair value of remaining financial instruments are determined on transaction date based on discounted cash flows calculated using lending/ borrowing rate. Subsequently, these are carried at amortized cost. There is no significant change in fair value of such liabilities and assets.

For financial assets carried at fair value, their carrying amount are equal to their fair value.

Valuation Inputs and relationship to fair value

	Level 3 inputs	Weighted range	Sensitivity
	March 31, 2021		
Contingent consideration	Standard deviation on revenue and EBIDTA growth	5%	Increase and decrease in standard deviation by 1% would decrease warrant liability by ₹ 177 lakhs and increase warrant liability by ₹ 225 lakhs.
	Discount rate	3%	Increase and decrease in discount rate by 1% would decrease warrant liability by ₹ 70 lakhs and increase warrant liability by ₹ 72 lakhs.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

37 Financial risk management

The Company's principal financial liabilities comprise of borrowings, lease obligation, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include security deposits, investments, trade and other receivables and cash and cash equivalents that is derived directly from its operations. The Company also enters into derivative transactions for hedging purpose.

The Company's activities exposes it to market risk, liquidity risk and credit risk. The Company's risk management is carried out by the management under the policies approved by the Board of Directors that help in identification, measurement, mitigation and reporting all risks associated with the activities of the Company. These risks are identified on a continuous basis and assessed for the impact on the financial performance. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes will be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

1. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

i. Foreign currency risk

The Company's operates in various geographies and is exposed to foreign exchange risk on its various currency exposures. The risk of changes in foreign exchange rates relates primarily to the Company's operating activities.

The Company uses foreign currency forward contract governed by its board approved policy to mitigate its foreign currency risk that are expected to occur within next 12 months period for forecasted sales. The counterparty for these contracts is generally a reputed scheduled bank. The Company reports quarterly to a committee of the board, which monitors foreign exchange risks and policies implemented to manage its foreign exchange exposures.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable that is denominated in the foreign currency.

Hedge effectiveness is determined at inception and periodic prospective effectiveness testing is done to ensure the relationship exist between the hedged items and hedging instruments, including whether the hedging instruments is expected to offset changes in cash flows of hedge items.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

a) The Company's exposure in foreign currency at the end of reporting period :

Currency	Particulars	March 31, 2021		March 31, 2020	
		FC	₹	FC	₹
	Financial assets				
USD	Trade receivables	99	7,266	106	7,975
	Loans	*	4	1	58
	Other financial assets	59	4,282	44	3,322
	Bank accounts	32	2,316	24	1,811
	Derivative assets				
	Foreign exchange forward contracts#	(493)	(36,071)	(259)	(19,482)
	Net exposure on foreign currency risk (assets)	-	-	-	-
	Financial liability				
	Borrowings	228	16,673	104	7,854
	Trade payables	5	353	27	2,069
	Other financial liabilities	28	2,034	18	1,384
	Other liabilities	8	599	4	325
	Net exposure on foreign currency risk (liabilities)	**269**	**19,659**	**153**	**11,632**
	Net exposure on foreign currency risk (assets-liabilities)	**(269)**	**(19,659)**	**(153)**	**(11,632)**
EURO	**Financial assets**				
	Trade receivables	15	1,328	6	536
	Loans	-	-	-	-
	Other financial assets	2	131	3	256
	Bank accounts	-	18	3	290
	Derivative assets				
	Foreign exchange forward contracts#	(12)	(1,031)	(23)	(1,869)
	Net exposure on foreign currency risk (assets)	**5**	**446**	-	-
	Financial liability				
	Trade payables	*	(1)	*	(14)
	Other liabilities	-	16	-	14
	Net exposure on foreign currency risk (liabilities)	-	**15**	-	-
	Net exposure on foreign currency risk (assets-liabilities)	**5**	**431**	-	-

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Currency	Particulars	March 31, 2021		March 31, 2020	
		FC	₹	FC	₹
	Financial assets				
GBP	Trade receivables	8	771	5	481
	Loans	-	2	-	10
	Other financial assets	2	212	1	112
	Bank accounts	1	134	4	380
	Net exposure on foreign currency risk (assets)	**11**	**1,119**	**10**	**983**
	Financial liability				
	Trade payables	*	23	1	124
	Other financial liabilities	5	509	3	260
	Other liabilities	1	113	-	34
	Net exposure on foreign currency risk (liabilities)	**6**	**645**	**4**	**418**
	Net exposure on foreign currency risk (assets-liabilities)	**5**	**474**	**6**	**565**

Represents outstanding foreign currency forward contracts. The outstanding forward contracts as March 31, 2020 and March 31, 2021 are within the maturity period of 12 months.

* Represents number below rounding off norms of the Company.

b) The sensitivity of profit or loss to changes in foreign exchange rates arising mainly from foreign currency denominated financial instrument:

	Impact on profit before tax	
	March 31, 2021	March 31, 2020
USD sensitivity		
₹/ US$ increases by 5%	(983)	(582)
₹/ US$ decreases by 5%	983	582
EURO sensitivity		
₹/ EURO increases by 5%	22	-
₹/ EURO decreases by 5%	(22)	-
GBP sensitivity		
₹/ GBP increases by 5%	24	28
₹/ GBP decreases by 5%	(24)	(28)

* Sensitivity is calculated holding all other variables constant

ii. Interest rate risk

The Company is not exposed to interest rate risk as at March 31, 2021 since all its financial assets or liabilities are either non-interest bearing or are at fixed interest rate and are carried at amortised cost.

The Company was exposed to the risk of changes in market interest rates relating primarily to the Company's foreign currency term loan obtained from RBL at floating interest of 6m Libor + 3.1%. To manage the risk the Company had entered into an interest rate swap, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts as per contractual arrangement. The loan was fully repaid during the year ended March 31, 2021.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

All other financial assets or liabilities were either non-interest bearing or are at a fixed interest rate and carried at amortised cost. Thus, the Company didn't foresee any interest rate risk on these items.

There is an economic relationship between the hedged item and the hedging instrument as the critical terms of the interest rate swap match with the terms of the designated hedge item i.e. foreign currency loan from RBL Bank. The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. Considering the critical terms are identical and have economic relationship between hedge instrument and hedge item, the hedge is considered as effective.

iii. Price risk

The company exposure to price risk arises for investment in mutual funds held by the Company. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio.

Sensitivity:

The sensitivity of profit or loss to change in Net assets value (NAV) as at year end for investment in mutual funds.

	Impact on profit before tax	
	March 31, 2021	March 31, 2020
NAV increases by 5%	1,957	417
NAV decreases by 5%	(1,957)	(417)

Impact of Hedge activities

(a) The following provides the details of hedging instrument and its impact on balance sheet

	March 31, 2021				
	Currency	Nominal value (Foreign Currency)	Amount in ₹	Line item in the balance sheet	Fair value*
Cash flow hedge					
Foreign currency risk					
(for highly probable forecast transactions)					
- Foreign currency forward contracts	₹/US$	493	37,248	Other financial assets/(liabilities)	457
- Foreign currency forward contracts	₹/EURO	12	1,096	Other financial assets/(liabilities)	49

* represents the impact of mark to market value at year end.

	March 31, 2020				
	Currency	Nominal value (Foreign Currency)	Amount in ₹	Line item in the balance sheet	Fair value*
Cash flow hedge					
Foreign currency risk					
(for highly probable forecast transactions)					
- Foreign currency forward contracts	₹/US$	259	19,128	Other financial assets/(liabilities)	(728)
- Foreign currency forward contracts	₹/EURO	23	1,884	Other financial assets/(liabilities)	(16)

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	March 31, 2020			
	Currency	Nominal value (Foreign Currency)	Line item in the balance sheet	Fair value*
Interest rate risk				
- Interest rate swaps	US$	12	Other financial assets	14
(for variable interest rate risk on RBL Loan)				

* represents the impact of mark to market value at year end.

(b) The effect of cash flow hedge in hedge reserve and statement of profit and loss:

	Highly probable forecast sales	Interest rate swaps	Total
Balance as at April 01, 2019	**221**	**16**	**237**
Hedge gain/(loss) recognised in OCI	(1,190)	(14)	(1,204)
Amount reclassified to from OCI to statement of profit and loss	225	12	237
Balance as at March 31, 2020	**(744)**	**14**	**(730)**
Hedge gain/(loss) recognised in OCI	912	(31)	881
Amount reclassified to from OCI to statement of profit and loss	338	17	355
Income tax effect	(128)	-	(128)
Balance as at March 31, 2021	**378**	**-**	**378**

Reclassification for foreign currency forward contracts is recognised in foreign exchange gain or loss in Statement of Profit and Loss.

Reclassification for interest rate swaps is recognised in interest expense in Statement of Profit and Loss.

2. Credit risk

Credit risk is the risk that counter party will not meet its obligations under a financial instruments or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities and from investing activities (primarily deposits with banks and investments in mutual funds)

(i) Trade receivables

Trade receivables are typically unsecured and derived from revenue from contracts with customers. Customer credit risks is managed by each business units subject to Company's policy and procedures which involves credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credits in the normal course of business. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime expected credit losses at each reporting date, right from initial recognition. The company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix takes into account available external and

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

internal credit risk factors and the Company's historical experience with customers. Ageing of trade receivables and the provision in books for trade receivables:

	Not due	1-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
As at March 31, 2021							
Trade receivables	8,969	2,712	716	120	101	257	12,875
Allowance for expected loss	(513)	(108)	(208)	(84)	(95)	(257)	(1,265)
Net Trade receivables	**8,456**	**2,604**	**508**	**36**	**6**	**-**	**11,610**
As at March 31, 2020							
Trade receivables	8,200	3,332	474	326	104	1,567	14,003
Allowance for expected loss	(332)	(101)	(134)	(281)	(101)	(1,567)	(2,516)
Net Trade receivables	**7,868**	**3,231**	**340**	**45**	**3**	**-**	**11,487**

Reconciliation of loss allowance	March 31, 2021	March 31, 2020
Opening balance as at April, 01	(2,516)	(1,968)
Allowance made during the year (net) - refer note 31	(845)	(548)
Utilised during the year	2,096	-
Closing balance as at March, 31	**(1,265)**	**(2,516)**

(ii) Other financial assets and cash deposit

Credit risk from balances with the banks, loans, investments in mutual funds and other financial assets are managed by the company based on the company policy and is managed by the Company's Treasury Team. Investment of surplus fund is made only with approved counterparties. The Company's maximum exposure to credit risk is the carrying amount of such assets as disclosed in note 36 above.

Reconciliation of loss allowance	March 31, 2021	March 31, 2020
Opening balance as at April, 01	(145)	(37)
Allowance made during the year	(41)	(56)
Allowance reversed/ written back during the year	-	(52)
Utilised during the year	53	-
Closing balance as at March, 31	**(133)**	**(145)**

3. Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective it to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its position and maintains adequate source of financing.

The Company has access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2021	March 31, 2020
RBL Bank Limited	14	140
Kotak Mahindra Bank Limited	300	1,937
HDFC Bank Limited	1,000	-
Federal Bank Limited	1,500	-
ICICI Bank Limited	2,800	-
	5,614	**2,077**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

Particulars	On demand	Less than 1 year	More than 1 year	Total
As at March 31, 2021				
Borrowings (including current maturities)	10,972	2,012	3,689	16,673
Lease liabilities	-	1,600	1,328	2,928
Trade payables	-	3,573	-	3,573
Foreign currency forward contracts	-	17	-	17
Other current financial liabilities #	-	3,752	123	3,875
	10,972	**10,954**	**5,140**	**27,066**
As at March 31, 2020				
Borrowings (including current maturities)	6,916	804	134	7,854
Lease liabilities	-	2,092	1,898	3,990
Trade payables	-	3,463	-	3,463
Foreign currency forward contracts	-	749	-	749
Other current financial liabilities #	-	4,889	1	4,890
	6,916	**11,997**	**2,033**	**20,946**

Includes future interest payable on outstanding borrowings

38 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, convertible preference shares, securities premium and all other equity reserves. The primary objective of the Company's capital management is to maintain a strong capital base to ensure sustained growth in business and to maximize the shareholders value. The capital management focuses to maintain an optimal structure that balances growth and maximizes shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents. The Company's gearing ratio, which is net debt divided by total capital plus net debt is as below:

Particulars	March 31, 2021	March 31, 2020
Borrowings (including current maturities)	16,630	7,843
Less : Cash and cash equivalents	(7,952)	(4,350)
Net (cash and cash equivalents)/debt (A)	**8,678**	**3,493**
Equity	54,667	26,561
Total equity capital (B)	**54,667**	**26,561**
Total debt and equity (C)=(A)+(B)	**63,345**	**30,054**
Gearing ratio (A)/(C)	14%	12%

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2021 and March 31, 2020 .

During the year the Company has not defaulted in any of the loan covenants.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

39 Related Party Disclosure

(i) List of related parties and relationship

Key management personnel (KMP)	1. Mr. Ashok Soota (Executive Chairman)
	2. Mr. Venkatraman N (Managing Director - w.e.f November 4, 2020 and CFO)
	3. Mr. Girish Paranjpe (Independent director) (till March 10, 2020)
	4. Mr. Avneet Singh Kochar (Non executive director) (till November 4, 2020)
	5. Mr. Joseph Vinod Anantharaju (Director) (w.e.f November 4, 2020)
	6. Mr. Praveen Darashankar (Company Secretary)
	7. Mrs. Anita Ramachandran (Independent director) (w.e.f June 04, 2020)
	8. Mr. Rajendra Kumar Srivastava (Independent director) (w.e.f June 04,2020)
	9. Mrs. Shubha Rao Mayya (Independent director) (w.e.f June 04,2020)
Wholly owned subsidiaries	Happiest Minds Technology LLC *
	Happiest Minds Inc. (formerly known as PGS Inc.) (w.e.f January 27, 2021)
Relatives of KMP	1. Mr. Suresh Soota
	2. Mr. Deepak Soota
	3. Ms. Kunku Soota
	4. Mrs. Usha Samuel
Entity having significant influence over the reporting entity	CMDB II (till september 7, 2020)
Post employment benefit plan (PEBP)	Happiest Minds Technologies Pvt. Ltd. Employees group gratuity trust

* Liquidated on June 1, 2020, and thus ceases to be a subsidiary. Refer note 44.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

a) The following table is the summary of significant transactions with related parties by the Company:

		March 31, 2021	March 31, 2020
(i)	**Sale of service**		
	Happiest Minds Inc.	723	-
(ii)	**Director's sitting fees:**		
	Mr. Girish Paranjape	-	9
	Mrs. Anita Ramachandran	21	-
	Mr. Rajendra Kumar Srivastava	14	-
	Mrs. Subha Rao Mayya	21	-
(iii)	**Commission to directors**		
	Mrs. Anita Ramachandran	4	-
	Mr. Rajendra Kumar Srivastava	16	-
	Mrs. Subha Rao Mayya	4	-
(iv)	**Contribution made to post employee benefit plan:**		
	Happiest Minds Technologies Pvt. Ltd. Employees group gratuity trust	154	121
(v)	**Managerial remuneration*:**		
	Mr. Venkatraman N		
	Salary, wages and bonus	112	107
	Employee stock compensation expense	7	10
	Mr. Ashok Soota		
	Salary, wages and bonus	128	128
	Mr. Praveen Darashankar		
	Salary, wages and bonus	43	41
	Employee stock compensation expense	1	2
	Mr. Joseph Vinod Anantharaju		
	Salary, wages and bonus	128	-
	Employee stock compensation expense	12	-
vi)	**Reimbursement of expenses received#:**		
	Mr. Ashok Soota	703	-
	CMBD II	2,276	-

*As the liability for gratuity and compensated leave absences is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors are not included above.

Represents share issue expense incurred by the Company on behalf of the selling shareholders which was subsequently reimbursed.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

vi) Details of CCPS converted:

March 31, 2021				
Date of resolution	Name of related party	No of CCPS converted	No of equity shares	Amount
May 13, 2020	Mr. Ashok Soota	3,58,728	5,84,72,664	2,339
July 10, 2020	Mr. Ashok Soota	1,129	1,84,027	7
July 10, 2020	Mr. Venkatraman N	2,099	3,42,137	14
July 10, 2020	CMDB II	1,67,173	2,72,49,199	1,090
July 10, 2020	Mr. Suresh Soota	193	31,459	1
July 10, 2020	Mr. Deepak Soota	301	49,063	2
July 10, 2020	Ms. Kunku Soota	260	42,380	2
July 10, 2020	Mrs. Usha Samuel	482	78,566	3

March 31, 2020				
Date of resolution	Name of related party	No of CCPS converted	No of equity shares	Amount
March 16, 2020	Mr. Ashok Soota	75,000	1,22,25,000	489

b) The balances receivable from and payable to related parties are as follows :

		March 31, 2021	March 31, 2020
(i)	**Trade receivables:**		
	Happiest Minds Inc.	698	-
(ii)	**Loans**		
	Happiest Minds Technology LLC	-	53
(iii)	**Other financial liability**		
	Happiest Minds Inc.	3,731	-
(iv)	**Provision for commission expense**		
	Mrs. Anita Ramachandran	4	-
	Mr. Rajendra Kumar Srivastava	16	-
	Mrs. Subha Rao Mayya	4	-

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020: ₹ 53). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

40 Corporate Social Responsibility ('CSR') expenditure

Details of CSR expenditure are as follows:

			March 31, 2021	March 31, 2020
(a)	Gross amount required to be spent by the Company during the year		64	5
(b)	Amount approved by the board to be spent during the year		75	21
(c)	Amount spent during the year ending on March 31, 2021:	In cash	Yet to be paid in cash	Total
i)	Construction/ Acquisition of any asset	-	-	-
ii)	On purpose other than above	75	-	75
(d)	Amount spent during the year ending on March 31, 2020:	In cash	Yet to be paid in cash	Total
i)	Construction/ Acquisition of any asset	-	-	-
ii)	On purpose other than above	21	-	21
(e)	Details related to spent/ unspent obligations:			
i)	Contribution to Public Trust		-	-
ii)	Contribution to Charitable Trust		75	21
ii)	Unspent amount in relation to:			
	- Ongoing project		-	-
	- Other than ongoing project		-	-
			75	**21**

Details of ongoing project and other than ongoing project

In case of S. 135(6) (Ongoing Project)						
Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing balance	
With Company	In Separate CSR unspent A/c		From Company's bank A/c	From separate CSR unspent A/c	With Company	In separate CSR unspent A/c
-	-	-	-	-	-	-

In case of S. 135(5) (Other than ongoing Project)				
Opening balance	Amount deposited in specified fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	-	64	75	-

In case of S. 135(5) Excess amount spent			
Opening balance	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	64	75	(11)

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

41 Commitments and Contingent Liabilities

		March 31, 2021	March 31, 2020
i)	**Capital Commitments**		
	Capital commitments towards purchase of capital assets	152	72
ii)	**Contingent liabilities**		
	Guarantees given by banks on behalf of the Company for contractual obligations of the Company	1,289	1,007

iii) Other claims against the Company not provided for in the books

a) Compounding and Settlement Applications filed by the Company

A compounding application has been filed by the Company before the National Company Law Tribunal ("NCLT") and Registrar of Companies, Bombay ("RoC"), in relation to allotments of Equity Shares made by the Company during year ended March 31, 2013 and 2014 under ESOP Scheme 2011 and ESOP Scheme 2011 USA, where certain allotments were made in contravention of Section 67(3) of the Companies Act, 1956.

The Board, vide a resolution passed at its meeting held on August 4, 2020 voluntarily decided to provide an exit offer to the shareholders. Upon completion of the exit offer, the Company has filed a compounding application with the RoC (which will be forwarded to the National Company Law Tribunal, Bengaluru bench upon approval) and a settlement application with SEBI. The matter is currently pending before NCLT and SEBI. Further, the Company has filed the settlement application before SEBI.

The management is confident that there will not be any material financial implications and accordingly no adjustment are made in the financial statements.

b) With respect to the License Agreement entered in June 2018 between the Company and a customer, for providing software services, the customer terminated the agreement claiming non-satisfactory delivery of services and damages of ₹ 623 lakhs. The customer has also initiated arbitration proceedings which the Company is currently contesting and is of the view that the claim is not tenable and accordingly no adjustments are made in the financial statements.

c) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution, the Group has taken cognizance of the matter on a prospective basis from the date of the SC order. The Group will update its provision, if any, required, on receiving further clarity on the subject.

42 Segment Information

A. Description of segments and principal activities

The Company executive management committee examines the Company's performance on the basis of its business and has identified three reportable segments:

i) Infrastructure Management & Security Services (IMSS):

Infrastructure Management and Security Solutions (IMSS) group delivers integrated end-to-end infrastructure and security solutions with specialization in cloud, virtualization and mobility across a multitude of industry verticals and geographies. The Company provides advisory, transformation, managed & hosted services and secure intelligence solutions to clients. This group has unique productized solution platforms for smart infrastructure and security solutions provides quick to deploy, mature service delivery over Global SOC/NOC.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

ii) Digital Business Solutions (DBS):

Digital Business Solutions group delivers enterprise applications and customised solutions that enable organizations to be smarter and accelerate business transformations. The Company provides advisory, design & architecture, custom-app development, package implementation, testing and on-going support services to IT initiatives. The business drivers for these applications are: increasing market share, enhancing customer engagement, improving agility and efficiency of internal operations, reducing cost, driving differentiation and standardizing business processes.

iii) Product Engineering Services (PES):

Product Engineering Services group assists software product companies in building robust products and services that integrate mobile, cloud and social technologies. The Company helps clients understand the impact of new technologies and incorporate these technologies into their product roadmap. This group focuses on technology depth, innovation and solution accelerators allows us to deliver time-to-market, growth and cost benefits to clients.

B. Segment revenue, segment results other information as at / for the year:

Year ended March 31, 2021	IMSS	DBS	PES	Total
Revenue from contracts with customers				
External customers	16,421	20,043	39,632	76,096
Inter-segment	-	-	-	-
Segment revenue	**16,421**	**20,043**	**39,632**	**76,096**
Segment results	**3,967**	**7,194**	**15,924**	**27,085**
Reconciliation to profit after tax:				
Interest income				838
Net gain on investments carried at fair value through profit or loss				855
Other unallocable income				647
Unallocable finance cost				(685)
Unallocable depreciation and amortisation				(1,987)
Other unallocable expenses				(8,151)
Tax				(2,409)
Profit for the year				**16,193**
Segment assets	4,282	5,094	8,284	17,660
Reconciliation to total assets:				
Investments				39,148
Derivative instruments				523
Other unallocable assets				33,364
Total				**90,695**
Segment liability	396	1,049	1,174	2,619
Reconciliation to total liabilities:				
Borrowings				14,633
Other unallocable liabilities				18,776
Total				**36,028**

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Year ended March 31, 2020	IMSS	DBS	PES	Total
Revenue from contracts with customers				
External customers	15,361	19,167	35,293	69,821
Inter-segment	-	-	-	-
Segment revenue	**15,361**	**19,167**	**35,293**	**69,821**
Segment results	**2,961**	**3,950**	**11,860**	**18,771**
Reconciliation to profit after tax:				
Interest income				460
Net gain on investments carried at fair value through profit or loss				576
Other unallocable income				560
Unallocable finance cost				(799)
Unallocable depreciation and amortisation				(2,023)
Diminution in value of investment in subsidiary				(1,126)
Other unallocable expenses				(8,886)
Tax				(190)
Profit for the year				**7,343**
Segment assets	4,207	4,216	7,841	16,264
Reconciliation to total assets:				
Investments				8,337
Derivative instruments				19
Other unallocable assets				26,191
Total				**50,811**
Segment liability	594	992	675	2,261
Reconciliation to total liabilities:				
Borrowings				7,048
Other unallocable liabilities				14,941
Total				**24,250**

(i) Assets (other than accounts receivable and unbilled revenue) and liabilities (other than unearned revenue) of the Company are used interchangeably between segments, and the management believes that it can not be allocated to specific segment.

(ii) The expense / income that are not directly attributable and that cannot be allocated to a business segment on a reasonable basis are shown as unallocable expenses.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

C. Entity-wide disclosures

i) The amount of revenue from external customers broken down by location of customers is shown below:

	For the year ended	
	March 31, 2021	March 31, 2020
India	10,464	8,334
USA	55,272	54,128
UK	7,611	5,002
Others	2,749	2,357
	76,096	**69,821**

ii) The break-up of non-current assets by location of assets is shown below:

	As at	
	March 31, 2021	March 31, 2020
India	2,900	3,788
USA	5	9
UK	1	-
	2,906	**3,797**

Non-current assets for this purpose consists of Property, plant and equipment, intangible assets and right-of-use assets.

iii) One customer individually accounted for more than 10% of the revenue from external customers during the year ended March 31, 2021 and March 31, 2020:

	For the year ended	
	March 31, 2021	March 31, 2020
One customer	14.76%	12.16%

43 Share based payments

Employee Share Option Plan (ESOP)

The Company instituted the Employee Share Option Plan 2011 ("ESOP 2011") and Equity Incentive Plan 2011 ("EIP 2011") for eligible employees during the year ended March 2012 which was approved by the Board of Directors (Board) on October 18, 2011 and January 19, 2012 duly amended by the Board on January 22, 2015.

Besides the above plan, the Company has also instituted Employee Share Option Plan 2014 ("ESOP 2014") duly approved by the Board on October 20, 2014 and by the shareholders on January 22, 2015. The Company has also instituted Employee Share Option Plan 2015 ("ESOP 2015") duly approved by the Board on June 30, 2015 and by the shareholders on July 22, 2015. During year ended 2018, the Company has amended ESOP 2014 and all options granted under ESOP 2014 be deemed to be granted under ESOP 2011 duly approved by the Board on October 25, 2017. The plans are separate for USA employees (working out of the United States America - "USA") and employees working outside USA. The Company administers these plans.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

On April 29, 2020, the Board of the Company approved Happiest Minds Employee Stock Option Scheme 2020 ("ESOP 2020") consisting of 70,00,000 equity shares. The Company will henceforth issue grants under the ESOP 2020 only.

The contractual term of each option granted is 5-8 years.

Key features of these plans are provided in the below table:

Key Terms	ESOP 2011	ESOP 2014 / EIP 2011 for US Employees	ESOP 2015 / EIP 2011 for US Employees	ESOP 2020
Class of Share	Equity Shares (as amended vide board meeting held on April 26, 2017 and Annual general meeting held on July 31, 2017).	Pursuant to conversion of Class B Non-voting Equity Shares (entitled under ESOP 2014) to Equity shares (as amended vide board meeting held on April 26, 2017 and Annual general meeting held on July 31, 2017), the Board of Directors at its meeting held on October 25, 2017 approved the administration of options granted and shares allotted under erstwhile ESOP 2014 to ESOP 2011.	Equity Shares (as amended vide board meeting held on April 26, 2017 and Annual general meeting held on July 31, 2017).	Equity Shares (as amended vide board meeting held on April 29, 2020 and extra ordinary general meeting held on May 13, 2020).
Ownership	Legal Ownership		Legal Ownership	Legal Ownership
Vesting Pattern	Four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1,2,3 and 4 years respectively from the date of grant and become fully exercisable, subject to employee being in the employment of the Company.			
Exercise Price	Exercisable at an exercise price of ₹ 2, ₹ 3, ₹ 5 and ₹ 6 per option.	Exercisable at an exercise price of ₹ 2 and ₹ 6 per option.	Exercisable at an exercise price of ₹ 2, ₹ 6.25, ₹ 9.50, ₹ 11.50 and ₹ 26 per option.	No grant has been made under this scheme
Economic Benefits / Voting Rights	The holders of the equity shares will be entitled to the economic benefits of holding these shares only after the completion of the various vesting terms mentioned above and shall acquire voting rights as a shareholder of the Parent Company as duly approved by the shareholders at the meeting held on July 31, 2017.			

	March 31, 2021	March 31, 2020
Employee stock compensation expense	297	266

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Movements during the year

The following table illustrates the number and weighted average exercise price of share options during the year

March 31, 2021

Options - India/UK Plan	Employee Stock Ownership Plan 2011		Employee Stock Ownership Plan 2015	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	2,41,788	5.86	50,28,066	24.59
Granted during the year	-	-	37,000	26.00
Exercised during the year	(92,170)	5.77	(5,74,205)	18.95
Forfeited during the year	(21,750)	5.56	(5,25,482)	25.37
Outstanding options as at the end of the year	1,27,868	5.98	39,65,379	25.31
Weighted Average Remaining Contractual Life	0.18 years		5.07 years	

Options - USA Plan	Equity Incentive Plan for US Employees-2011		Equity Incentive Plan for US Employees-2011	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	20,000	6.00	56,375	24.41
Granted during the year	-	-	-	-
Exercised during the year			(6,905)	26.00
Forfeited during the year	-	-	-	-
Outstanding options as at the end of the year	20,000	6.00	49,470	24.18
Weighted Average Remaining Contractual Life	0.8 years		3.73 years	

March 31, 2020

Options - India/UK Plan	Employee Stock Ownership Plan 2011		Employee Stock Ownership Plan 2015	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	3,44,636	5.57	34,67,500	23.23
Granted during the year	-	-	40,68,591	26.00
Exercised during the year	(59,708)	4.05	(16,33,012)	25.41
Forfeited during the year	(43,140)	6.05	(8,75,013)	24.23
Outstanding options as at the end of the year	2,41,788	5.86	50,28,066	24.59
Weighted Average Remaining Contractual Life	1.35 years		5.91 years	

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Options - USA Plan	Equity Incentive Plan for US Employees-2011		Equity Incentive Plan for US Employees-2011	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	49,500	5.24	3,32,500	25.73
Granted during the year	-	-	4,00,000	26.00
Exercised during the year	(29,500)	4.73	(6,21,950)	26.00
Forfeited during the year	-	-	(54,175)	26.00
Outstanding options as at the end of the year	20,000	6.00	56,375	24.41
Weighted Average Remaining Contractual Life	1.80 years		4.91 years	

*Weighted Average Exercise Price

The weighted average fair value of the options granted during the year is ₹ 12.23 (March 31, 2020 - ₹ 12.64)

The weighted average share price during the year is ₹ 372.61 (March 31, 2020 - ₹ 20.98)

Exercisable options as at March 31, 2021 - 7,77,628 options (March 31, 2020 - 4,93,423 options) and weighted average exercise price - ₹ 18.59 (March 31, 2020 - ₹ 13.28)

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2021	March 31, 2020
Expected dividend yield	0.00%	0.00%
Expected Annual Volatility of Shares	50.00%	50.00%
Risk-free interest rate (%)	6.98%	7.43%-6.86%
Exercise price (₹)	26.00	26.00
Expected life of the options granted (in years)	3-6 years	3-6 years

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

44 Liquidation of subsidiary

The Company in its Board Meeting on March 16, 2020 passed a resolutions to voluntarily dissolve and wind up the operation of its subsidiary, i.e. Happiest Minds Technologies LLC, USA. Pursuant to such resolutions, the Company had filed a request for termination of the aforesaid subsidiary and received a certificate from the Office of Secretary of State approving such winding up on June 1, 2020 and consequent to such approval the Company has liquidated its subsidiary.

45 The Board of Directors of the Company at their meeting held on May 12, 2021, recommended the payout of a final dividend of ₹ 3/- per equity share of face value ₹ 2/- each for the financial year ended March 31, 2021 . This recommendation is subject to approval of shareholders at the 10th Annual General Meeting of the Company scheduled to be held on July 7, 2021.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

46 The Company has completed its Initial Public Offering (IPO) of 4,22,90,091 equity shares of face value of ₹ 2/- each for cash at an issue price of ₹ 166/- per equity share aggregating to ₹ 70,202 lakhs, consisting fresh issue of 66,26,506 equity shares aggregating to ₹ 11,000 lakhs and an offer for sale of 3,56,63,585 equity shares aggregating to ₹ 59,202 lakhs by the selling shareholders. The equity shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on September 17, 2020.

The utilisation of IPO proceeds is summarised below:

Particulars	Objects of the issue as per prospectus	Utilisation up to March 31, 2021	Unutilised amounts as on March 31, 2021
To meet long term working capital requirements	10,464	10,464	-
General corporate purposes	80	80	-
Net utilisation	10,544	10,544	-

*As per the Prospectus, the Company had estimated ₹ 300 lakhs to be utilised for general corporate purpose. However, during the quarter ended March 31, 2021, the Company has utilised only ₹ 80 lakhs and the differential was utilised for working capital requirement.

47 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period in which the Code becomes effective.

48 The full impact of COVID-19 still remains uncertain and could be different from the estimates considered while preparing these Standalone Financial Statements. The Company will continue to closely monitor any material changes to future economic conditions.

49 The Company maintains the information and documents as required under the transfer pricing regulations under Section 92-92F of the Income Tax Act, 1961. The management is in the process of updating the transfer pricing documentation for the financial year 2020 - 2021 and is of the view that its transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

50 Previous year's figures have been regrouped/ reclassified wherever necessary to conform with current year classification.

As per our report of even date
for **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm's Registration Number : 101049W/E300004

per **Sumit Mehra**
Partner
Membership no.: 096547
Place: Bengaluru, India
Date: May 12, 2021

for and on behalf of the Board of Directors:
Happiest Minds Technologies Limited
CIN : L72900KA2011PLC057931

Ashok Soota
Executive Chairman
DIN : 00145962
Place: Bengaluru, India
Date: May 12, 2021

Venkatraman Narayanan
Managing Director &
Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: May 12, 2021

Praveen Darashankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: May 12, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Happiest Minds Technologies Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of Happiest Minds Technologies Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance sheet as at March 31 2021, 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 Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditor on separate Ind AS Financial Statements and on the other financial information of the Happiest Minds Technologies Share Ownership Plans Trust (the "ESOP Trust"), the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Ind AS Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Consolidated Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Ind AS Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Ind AS Financial Statements.

Key audit matters	How our audit addressed the key audit matter
Business Combination *(as described in Note 44 of the Consolidated Ind AS Financial Statements)*	
In January 2021, the Group acquired 100% equity stake in PGS Inc., USA. We consider audit and accounting of this acquisition to be a key audit matter since this is the significant transaction during the year that require significant management judgement regarding: - Allocation of the purchase price to assets and liabilities acquired and adjustments to align accounting policies of newly acquired entity with the Group. - Fair valuation of assets and liabilities acquired including fair valuation of warrant liabilities based on performance of acquiree company. - Identification of intangible assets acquired through business combination. - Accounting and disclosures in the financial statements in accordance with the applicable Ind-AS.	Our audit procedures included the following: • We read share purchase agreement pertaining to acquisition of PGS Inc. with a view to identify the specific clauses impacting the determination and recognition of the purchase price; • We assessed and tested the effectiveness of internal controls relating to business acquisition accounting. • We read valuation reports prepared by management with the help of external expert for purchase price allocation (PPA) of consideration paid for this acquisition. We tested identification and fair valuation of acquired assets including intangible assets and liabilities based on discussion with management and understanding of business; • We understood valuation methodologies used by management and external valuation experts for fair valuation of acquired assets and liabilities including valuation of warrants acquired; • We assessed the valuation assumptions such as discount and long term growth rates risk free rate of return and weighted average cost of capital by comparing these assumptions to source data and external data; • We understood the commercial prospects of the assets/ project acquired; • In making this assessment, we also evaluated the competence, professional qualification, objectivity and independence of Company's specialists involved in the process; • We assessed adequacy of the disclosures made in the consolidated Ind-AS financial statements with the relevant accounting standards.
Revenue recognition *(as described in Note 2(a) and 25 of the Consolidated Ind AS Financial Statements)*	
The Group earns revenue from time-and-material and fixed price contracts. Fixed price revenue contracts with customers have defined delivery milestones with agreed scope of work and pricing for each milestone depending on the nature of service/ industry served. Revenue from these contracts is recognized over a period of time in accordance with the requirements of Ind-AS 115, "Revenue from Contracts with Customers".	Our audit procedures comprised as under: • We evaluated the Group's accounting policy pertaining to revenue recognition and assessed its compliance with the policies in terms of Ind-AS 115 - Revenue from Contracts with Customers;

Key audit matters	How our audit addressed the key audit matter
Revenue from fixed price contracts, where performance obligation is satisfied over time is recognised using percentage-of-completion method. Use of the percentage-of-completion method requires the Group to determine the actual efforts or costs expended to date as a proportion of the estimated total efforts or costs to be incurred. The estimate of total efforts or remaining efforts to complete fixed price contracts measured using the percentage-of-completion method involves significant judgement throughout the period of the contract and is subject to revision as the contract progresses based on the latest available information. Also, identification of performance obligations involves significant judgement and assessment of contractual terms. Since recognition of revenue from these contracts involves significant estimates and judgments, we regard this as a key audit matter.	• We assessed the internal control environment relating to revenue recognition from fixed price contracts. We tested the effectiveness of the key controls, in particular those relating to the costs or efforts incurred on contract and those relating to the costs or efforts to complete; • For contracts in progress: - we tested costs incurred with data from timesheet application system; - Progress towards completion of performance obligation for computing revenue was verified based on actual cost or efforts relative to estimated cost or efforts from management analysis and systems or external evidences of progress; - we reviewed cost or efforts incurred with estimated cost or efforts to identify significant variations and reasons for those variations, if any. Further, we verified whether those variations have been considered in estimating the remaining cost or efforts to complete the contract; • We Inspected samples of contracts from unbilled revenues to identify any possible delays in achieving milestones, which may require change in estimated costs or efforts to complete the remaining performance obligations; • We performed analytical procedures for reasonableness of incurred and estimated efforts. • We evaluated management's identification of onerous contracts, if any, based on estimates tested as above. • We assessed the adequacy of disclosures made in the financial statements with respect to revenue recognized during the year as required by applicable Indian Accounting Standards.

We have determined that there are no other key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Consolidated Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Ind AS 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 Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Consolidated Ind AS 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 for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group 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 the 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 Consolidated Ind AS 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 Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. 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 management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors to express an opinion on the Consolidated Ind AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Ind AS Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Ind AS Financial Statements, which have been audited by 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.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Ind AS Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the Financial Statements and other financial information, in respect of ESOP Trust whose Ind AS Financial Statements include total assets of Rs 721 lakhs as at March 31, 2021, and total revenues of Rs Nil and net cash outflows of Rs 64 lakhs for the year ended on that date. These Ind AS Financial Statement and other financial information have been audited by other auditor, which financial statements, other financial information and auditor's report has been furnished to us by the Management. The Consolidated Ind AS Financial Statements also include the ESOP Trust's share of net loss of ₹ 16 lakhs for the year ended March 31, 2021, as considered in the Consolidated Ind AS Financial Statements, in respect of the ESOP Trust, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this ESOP Trust, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid trust, is based solely on the report of such other auditor.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate Financial Statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditor whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the Financial Statements have been kept so far as it appears from our examination of those books and reports of the other auditor;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements;

(d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements of the Holding Company, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries incorporated in India, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company and its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(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 as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:

i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group in its Consolidated Ind AS Financial Statements – Refer Note 41 to the Consolidated Ind AS Financial Statements;

ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2021;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company incorporated in India during the year ended March 31, 2021.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

_____
per **Sumit Mehra**
Partner
Membership Number: 096547
UDIN: 21096547AAAABU3333
Place of Signature: Bengaluru
Date: May 12, 2021

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HAPPIEST MINDS TECHNOLOGIES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Ind AS Financial Statements of Happiest Minds Technologies Limited as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Happiest Minds Technologies Limited (hereinafter referred to as the "Holding Company") as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 over financial reporting with reference to these Consolidated Ind AS Financial Statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

A company's internal financial control over financial reporting with reference to these Consolidated Ind AS 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 control over financial reporting with reference to these Consolidated Ind AS Financial Statements includes 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 Over Financial Reporting With Reference to these Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Consolidated Ind AS 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 over financial reporting with reference to these Consolidated Ind AS Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Consolidated Ind AS Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company has maintained in all material respects, adequate internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements and such internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements were operating effectively as at March 31,2021, based on the internal control over financial reporting criteria established by the Holding 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.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

_____
per **Sumit Mehra**
Partner
Membership Number: 096547
UDIN: 21096547AAAABU3333
Place of Signature: Bengaluru
Date: May 12, 2021

Consolidated Balance Sheet

as at March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	As at March 31, 2021	As at March 31, 2020
Assets			
Non- current assets			
Property, plant and equipment	3	69	93
Capital work-in-progress	3	14	-
Goodwill	4	7,644	610
Other intangible assets	4	2,966	72
Intangible assets under development	4	-	17
Right-of-use assets	5	2,150	3,006
Financial assets			
i. Loans	6	349	767
ii. Other financial assets	7	2,109	368
Income tax assets (net)	8	1,408	1,335
Other assets	9	7	33
Deferred tax assets (net)	10 A	1,026	-
Total non-current assets		**17,742**	**6,301**
Current assets			
Financial assets			
i. Investments	11	39,148	8,337
ii. Trade receivables	12	12,192	11,487
iii. Cash and cash equivalents	13	8,583	4,353
iv. Bank balance other than cash and cash equivalents	14	5,935	14,607
v. Loans	6	812	100
vi. Other financial assets	7	6,450	4,570
Other assets	9	1,333	1,060
Total current assets		**74,453**	**44,514**
Total assets		**92,195**	**50,815**
Equity and liabilities			
Equity			
Equity share capital	15	2,837	879
Instruments entirely in the nature of equity	16	-	3,634
Other equity	17	51,762	22,018
Total equity		**54,599**	**26,531**

Consolidated Balance Sheet (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	As at March 31, 2021	As at March 31, 2020
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	18	3,661	132
ii. Lease liabilities	19	1,223	1,731
iii. Other financial liabilities	20	2,455	-
Provisions	21	1,653	1,255
Deferred tax liabilities (net)	10 B	725	-
Total non-current liabilities		**9,717**	**3,118**
Current liabilities			
Contract liabilities	22	1,072	818
Financial liabilities			
i. Borrowings	18	10,972	6,916
ii. Lease liabilities	19	1,422	1,816
iii. Trade payables	23		
(A) Total outstanding due to micro enterprises and small enterprises		95	12
(B) Total outstanding due to creditors other than micro enterprises and small enterprises.		4,006	3,430
iv. Other financial liabilities	20	6,874	6,397
Provisions	21	1,508	1,246
Other current liabilities	24	1,930	531
Total current liabilities		**27,879**	**21,166**
Total liabilities		**37,596**	**24,284**
Total equity and liabilities		**92,195**	**50,815**
Summary of significant accounting policies	2		

The notes referred to above form an integral part of the Consolidated Financial Statement.

As per our report of even date
for **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm's Registration Number : 101049W/E300004

per **Sumit Mehra**
Partner
Membership no.: 096547
Place: Bengaluru, India
Date: May 12, 2021

for and on behalf of the Board of Directors:
Happiest Minds Technologies Limited
CIN : L72900KA2011PLC057931

Ashok Soota
Executive Chairman
DIN : 00145962
Place: Bengaluru, India
Date: May 12, 2021

Venkatraman Narayanan
Managing Director &
Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: May 12, 2021

Praveen Darashankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: May 12, 2021

Consolidated Statement of Profit and Loss

for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
Income			
Revenue from contracts with customers	25	77,341	69,821
Other income	26	2,424	1,602
Total income		**79,765**	**71,423**
Expenses			
Employee benefits expense	27	45,238	44,123
Depreciation and amortisation	28	2,274	2,023
Finance cost	29	697	802
Other expenses	30	12,954	15,988
Total expenses		**61,163**	**62,936**
Profit before exceptional items and tax		18,602	8,487
Exceptional Items - Impairment of goodwill	31	-	1,126
Profit before tax		**18,602**	**7,361**
Tax expense	32		
Current tax		3,527	172
Adjustment of tax relating to earlier periods		-	18
Deferred tax charge/ (credit)		(1,171)	-
		2,356	**190**
Profit for the year		**16,246**	**7,171**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange differences on translating the financial statements of a foreign operation		22	(12)
Net movement on effective portion of cash flow hedges	36	1,236	(967)
Income tax effect	32	(127)	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**1,131**	**(979)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement gains/ (losses) on defined benefit plans	34	(144)	(139)
Income tax effect	32	36	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(108)**	**(139)**

Consolidated Statement of Profit and Loss (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
Other comprehensive income for the year, net of tax		**1,023**	**(1,118)**
Total comprehensive income for the year		**17,269**	**6,053**
Profit for the year		16,246	7,171
Attributable to:			
Equity holders of the parent		16,246	7,171
Non-controlling interests		-	-
Total comprehensive income for the year		17,269	6,053
Attributable to:			
Equity holders of the parent		17,269	6,053
Non-controlling interests		-	-
Earnings per equity share	33		
Equity shares of par value ₹ 2/- each			
Basic, computed on the basis of profit for the year attributable to equity holders of the parent (₹)		11.75	7.04
Diluted, computed on the basis of profit for the year attributable to equity holders of the parent (₹)		11.45	5.36
Summary of significant accounting policies	2		

The notes referred to above form an integral part of the Consolidated Financial Statement.

As per our report of even date
for **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm's Registration Number : 101049W/E300004

for and on behalf of the Board of Directors:
Happiest Minds Technologies Limited
CIN : L72900KA2011PLC057931

per **Sumit Mehra**
Partner
Membership no.: 096547
Place: Bengaluru, India
Date: May 12, 2021

Ashok Soota
Executive Chairman
DIN : 00145962
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Venkatraman Narayanan
Managing Director &
Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: May 12, 2021

Praveen Darashankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: May 12, 2021

Consolidated Statement of Changes in Equity

for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

a) Equity share capital

	No of Shares	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid		
At April 01, 2019	**2,98,33,252**	**597**
Conversion of preference shares during the year - refer note 15 (ii) (1)	1,22,25,000	245
Exercise of share options - refer note 15 (ii) (2)	18,40,925	37
At March 31, 2020	**4,38,99,177**	**879**
Conversion of preference shares during the year - refer note 15 (ii) (1)	9,08,47,235	1,817
Exercise of share options - refer note 15 (ii) (2)	4,10,386	8
Issued during the year - refer note 15 (ii) (3)	66,26,506	133
At March 31, 2021	**14,17,83,304**	**2,837**

b) Instruments entirely in the nature of equity

	No of Shares	Amount
Series A 14% Non Cumulative Compulsorily Convertible Preference Shares (CCPS) of ₹ 652 each issued, subscribed and fully paid.		
At April 1, 2019	**3,42,073**	**2,230**
Increase on account of modification of CCPS - refer note 16 (iii) (b) & (c)	2,90,272	1,893
Conversion into equity shares during the year - refer note 15 (ii) (3)	(75,000)	(489)
At March 31, 2020	**5,57,345**	**3,634**
Conversion into equity shares during the year - refer note 15 (ii) (3)	(5,57,345)	(3,634)
At March 31, 2021	-	-

Consolidated Statement of Changes in Equity (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

c) Other equity

	Attributable to the equity holders of the parent						Non-controlling interest	Total equity
	Reserves and Surplus		Other equity			Total		
	Securities premium (Note 17)	Retained earnings (Note 17)	Share options outstanding reserve (Note 17)	Foreign currency translation reserve (Note 17)	Cash flow hedge reserve (Note 17)			
As at April 01, 2019	**18,602**	**(28,633)**	**240**	**122**	**237**	**(9,432)**	**-**	**(9,432)**
Profit for the year	-	7,171	-	-	-	7,171	-	7,171
Other comprehensive income	-	(139)	-	-	-	(139)	-	(139)
Net movement on effective portion of cash flow hedges	-	-	-	-	(967)	(967)	-	(967)
Exchange difference on translation of foreign operations	-	-	-	(12)	-	(12)	-	(12)
Total comprehensive income	**-**	**7,032**	**-**	**(12)**	**(967)**	**6,053**	**-**	**6,053**
Conversion of preference shares during the year - refer note 15 (ii) (1)	245	-	-		-	245	-	245
Exercise of share option by employees	405	-	-	-	-	405	-	405
Transferred to retained earnings for options forfeited	-	52	(52)	-	-	-	-	-
Increase on account of modification of preference shares - refer note 16 (iii) (b) & (c)	24,481	-	-	-	-	24,481	-	24,481
Reduction in capital - refer note (i) below	(15,952)	15,952	-	-	-	-	-	-
Share-based payments expense	-	-	266	-	-	266	-	266
As at March 31, 2020	**27,781**	**(5,597)**	**454**	**110**	**(730)**	**22,018**	**-**	**22,018**
Profit for the year	-	16,246	-	-	-	16,246	-	16,246
Other comprehensive income	-	(108)	-	-	-	(108)	-	(108)
Net movement on effective portion of cash flow hedges	-	-	-	-	1,109	1,109	-	1,109
Exchange difference on translation of foreign operations	-	-	-	22	-	22	-	22
Total comprehensive income	**-**	**16,138**	**-**	**22**	**1,109**	**17,269**	**-**	**17,269**
Conversion of preference shares during the year - refer note 15 (ii) (1)	1,817	-	-	-	-	1,817	-	1,817
Increase during the year - refer note 15 (ii) (3)	10,867	-	-	-	-	10,867	-	10,867
Transaction costs on issue of shares - refer note 15 (ii) (3)	(456)	-	-	-	-	(456)	-	(456)
Exercise of share option by employees	64	-	-	-	-	64	-	64
Reclassified to profit or loss on liquidation of subsidiary-refer note (ii) below	-	-	-	(114)	-	(114)	-	(114)
Transferred to retained earnings for options forfeited	-	9	(9)	-	-	-	-	-
Transferred to securities premium for options exercised	381	-	(381)	-	-	-	-	-
Share-based payments expense	-	-	297	-	-	297	-	297
As at March 31, 2021	**40,454**	**10,550**	**361**	**18**	**379**	**51,762**	**-**	**51,762**

Consolidated Statement of Changes in Equity (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

(i) Capital reduction

The Parent Company had filed for capital reduction through National Company Law Tribunal ("NCLT") and received an approval vide order dated November 5, 2019 for writing off the accumulated losses of the Parent Company being the debit balance of Profit and Loss Account as appearing in the Standalone Financial Statements of the Parent Company as at March 31, 2018 prepared under previous GAAP ("Indian GAAP") with Securities Premium. The accumulated losses of the Parent Company as at March 31, 2018 was ₹ 17,233 lakhs and during the year ended March 31, 2019, the Parent Company had earned a profit of ₹ 1,281 lakhs under Indian GAAP and the accumulated balance in Profit and Loss Account as at March 31, 2019 was ₹ 15,952 lakhs. This balance has been written off during the year ended March 31, 2020.

(ii) Liquidation of subsidiary

The Group has liquidated its subsidiary i.e. Happiest Minds Technologies LLC during the year ended March 31, 2021. Pursuant to such liquidation, the cumulative balance lying in foreign currency translation reserve has been reclassified to statement of profit and loss. Refer note 45.

As per our report of even date
for **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm's Registration Number : 101049W/E300004

per **Sumit Mehra**
Partner
Membership no.: 096547
Place: Bengaluru, India
Date: May 12, 2021

for and on behalf of the Board of Directors:
Happiest Minds Technologies Limited
CIN : L72900KA2011PLC057931

Ashok Soota
Executive Chairman
DIN : 00145962
Place: Bengaluru, India
Date: May 12, 2021

Venkatraman Narayanan
Managing Director &
Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: May 12, 2021

Praveen Darashankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: May 12, 2021

Consolidated Statement of Cash Flows

for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
Operating activities			
Profit before tax		**18,602**	**7,361**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment and right-of-use assets	28	2,274	2,023
Share-based payment expense	27	297	266
Gain on investment carried at fair value through profit and loss	26	(184)	(121)
Gain on sale of investment carried at fair value through profit and loss	26	(671)	(455)
Interest income	26	(838)	(466)
Impairment of goodwill	31	-	1,126
Gain on liquidation of subsidiary	26	(82)	-
Unrealised foreign exchange (gain)/ loss	26	66	(173)
Fair value loss on warrant liability	29	28	-
Rent concession	26	(302)	-
Impairment loss	30	1,021	762
Finance costs	29	669	802
Operating cash flow before working capital changes		**20,880**	**11,125**
Movements in working capital:			
(Increase)/ decrease in trade receivables		(511)	1,352
(Increase)/ decrease in loans		64	(105)
Increase in non-financial assets		(279)	(189)
Increase in financial assets		(1,443)	(2,776)
Increase/ (decrease) in trade payables		(644)	477
Increase/ (decrease) in financial liabilities		(1,684)	1,976
Decrease in provisions		516	424
Decrease in contract liabilities		(43)	(249)
Increase/ (decrease) in other non-financial liabilities		1,109	(208)
		17,965	11,827
Income tax paid		(3,600)	(605)
Net cash flows from operating activities (A)		**14,365**	**11,222**
Investing activities			
Purchase of property, plant and equipment	3	(78)	(46)
Purchase of intangible assets	4	(19)	(67)
Proceeds from subleasing the premises		7	75
Investment in bank deposit, net		6,931	(9,769)
Acquisition of subsidiary		(6,025)	-
Proceeds from sale of mutual funds		39,313	2,054
Purchase of mutual funds		(69,269)	-
Interest received		777	379
Net cash flows used in investing activities (B)		**(28,363)**	**(7,374)**

Consolidated Statement of Cash Flows (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
Financing activities			
Repayment of long-term borrowings		(1,256)	(755)
Proceeds from long-term borrowings		6,025	-
Proceeds / (Repayment) of short-term borrowings (net)		4,213	1,430
Security deposits given		(300)	-
Payment of principal portion of lease liabilities		(1,661)	(1,710)
Payment of interest portion of lease liabilities		(328)	(414)
Proceeds from issue of Equity share capital (net of transaction costs)		10,544	-
Proceeds from exercise of share options		72	442
Interest paid		(373)	(327)
Net cash flows used in financing activities (C)		**16,936**	**(1,334)**
Net increase in cash and cash equivalents **[(A)+(B)+(C)]**		2,938	2,514
Net foreign exchange difference		(6)	212
Cash and cash equivalents at the beginning of the year		4,353	1,627
Cash acquired on acquisition of subsidiary		1,298	-
Cash and cash equivalents at the end of the year		**8,583**	**4,353**
Components of cash and cash equivalents	13		
Balance with banks			
- on current account		4,179	1,431
- in EEFC accounts		2,029	1,922
Deposits with original maturity of less than three months		2,375	1,000
Total cash and cash equivalents		**8,583**	**4,353**
Non-cash investing activities:			
Acquisition of subsidiary	44	3,695	-
Acquisition of Right-of-use assets	19	1,052	706
Refer note 18 and 19 for changes in liabilities arising from financing activities and for non-cash financing activities.			
Summary of significant accounting policies 2			

The notes referred to above form an integral part of the Consolidated Financial Statement.

As per our report of even date
for **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm's Registration Number : 101049W/E300004

for and on behalf of the Board of Directors:
Happiest Minds Technologies Limited
CIN : L72900KA2011PLC057931

per **Sumit Mehra**
Partner
Membership no.: 096547
Place: Bengaluru, India
Date: May 12, 2021

Ashok Soota
Executive Chairman
DIN : 00145962
Place: Bengaluru, India
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Venkatraman Narayanan
Managing Director &
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DIN : 01856347
Place: Bengaluru, India
Date: May 12, 2021

Praveen Darashankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: May 12, 2021

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Corporate Information

Happiest Minds Technologies Limited (formerly known as Happiest Minds Technologies Private Limited) ("Happiest Minds" or "the Company" or "the Parent Company") together with its subsidiary (collectively "the Group") is engaged in a next generation IT solutions & services Company, enabling organizations to capture the business benefits of emerging technologies of cloud computing, social media, mobility solutions, business intelligence, analytics, unified communications and internet of things. The Group offers high degree of skills, IPs and domain expertise across a set of focused areas that include Digital Transformation & Enterprise Solutions, Product Engineering, Infrastructure Management, Security, Testing and Consulting. The Group focuses on industries in the Retail/ CPG, BFSI, Travel & Transportation, Manufacturing and Media space. Happiest Minds Provide a Smart, Secure and Connected Experience to its Customers. In the Solution space, focus areas are Security, M2M and Mobility solutions.

The Company is a limited Company, incorporated and domiciled in India and has a branch office at United States of America, United Kingdom, Australia, Canada, Netherland, Singapore, Malaysia and Dubai. The registered office of the Company is situated at #53/1-4, Hosur Main Road, Madivala (next to Madivala Police Station) Bangalore 560068.

The Group's Consolidated Financial Statements (CFS) for the year ended March 31, 2021 were approved by Board of Directors on May 12, 2021.

1 Basis of preparation of Consolidated Financial Statements

a Basis of preparation

The Consolidated Financial Statements (CFS) of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the CFS.

This note provides a list of the significant accounting policies adopted in the preparation of the Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

These Consolidated Financial Statements have been prepared for the Group as a going concern on the basis of relevant Ind AS that are effective at the Group's annual reporting date, March 31, 2021.

The Consolidated Financial Statements have been prepared on an accrual basis under the historical cost convention except for the following that are measured at fair value as required by relevant :

a) Defined benefit plan - plan assets measured at fair value

b) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

c) Derivative financial instruments

b Functional currency and presentation currency

These Consolidated Financial Statement are presented in India Rupee (₹), which is also functional currency of the Parent Company. All the values are rounded off to the nearest lakhs (₹ 00,000) unless otherwise indicated.

c Use of estimates and judgements

In preparing these Consolidated Financial Statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the period. Actual results may differ from these estimates.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding estimate. Changes in estimate are reflected in the financial statement in the period in which changes are made and, if material, their effects are disclosed in the notes to the Consolidated Financial Statements.

Judgements:

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Consolidated Financial Statements is included in the following notes:

- Note 2(c) and 2(d)- Useful life of property, plant and equipment and intangible assets;
- Note 2(g) - Lease classification;
- Note 2(h) - Financial instrument; and
- Note 2(l)- Measurement of defined benefit obligations: key actuarial assumptions.

Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March, 2021 is included in the following notes:

- Note 2(e) - Impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;
- Note 2(n)- Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 2(h) - Impairment of financial assets
- Note 2(p) - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Note 2(i) - Fair value measurement

d Current and non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

e) Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Parent Company and its subsidiary as at 31 March 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent Company with those of its subsidiaries on line by line basis. For this purpose, income and expenses of the subsidiaries are based on the amounts of the assets and liabilities recognised in the Consolidated Financial Statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit and loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit and loss. Any investment retained is recognised at fair value.

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The subsidiary companies which are included in the consolidation and the Company's holdings therein are as under:

Name of Company	Nature of Business	Country of incorporation	Ownership interest as at March 31, 2021	Ownership interest as at March 31, 2020
Happiest Minds Technologies LLC	IT services	United States of America	Nil *	100%
Happiest Minds Inc. (formerly known as PGS Inc.)	IT services	United States of America	100%**	0%

*Liquidated on June 2020, refer note 45

** refer note 44

2 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these Consolidated Financial Statements.

a Revenue recognition

The Group derives revenue primarily from rendering of services and sale of licenses. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services. The Group is a principal in rendering of services and agent in relation to sale of licenses. Amounts disclosed as revenue are net of trade allowances, rebates and Goods and Services tax (GST), amounts collected on behalf of third parties and includes reimbursement of out-of-pocket expenses, with corresponding expenses included in cost of revenues.

Revenue from the rendering of services and sale of license is recognised when the Group satisfies its performance obligations to its customers as below:

Rendering of services

Revenues from services comprise primarily income from time-and-material and fixed price contracts. Revenue with respect to time-and-material contracts is recognised over the period of time as the related services are performed. Revenue with respect to fixed price contracts where performance obligation is transferred over time. The input (efforts expended) method has been used to measure progress towards completion, as there is a direct relationship between input and productivity. Provisions for estimated losses on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. In determining the transaction price for rendering of services, the Group considers the effect of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customers if any. Revenue is recognised net of trade and cash discounts.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sale of licenses

The Group is a reseller for sale of right to use licenses and acting as agent in the arrangement. The revenue for sale of right to use license is recognised at point in time when control on use of license is transferred to the customer.

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Contract balances

Contract assets: The Group classifies its right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset where the right to consideration is unconditional upon passage of time. Unbilled revenue which is conditional is classified as other current asset. Trade receivables and unbilled revenue is presented net of impairment.

Contract liabilities: A contract liability (which we referred to as Unearned Revenue) is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is received.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is included under the head 'other income' in the statement of profit and loss.

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividend income

Dividend income on investments is accounted when the right to receive the dividend is established, which is generally when shareholders approve the dividend. Dividend income is included under the head "Other income" in the statement of profit and loss.

b Business Combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other expenses.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.

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- Assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in statement of profit and loss in accordance with Ind AS 109. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS and shall be recognised in statement of profit and loss. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in Other Comprehensive Income (OCI) and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

c Property, plant and equipment

Capital work in progress is stated at cost, net of accumulated impairment loss if any.

Property, plant and equipment are stated at historical cost less accumulated depreciation, and accumulated impairment loss, if any. Historical cost comprises of the purchase price including duties and non-refundable taxes, borrowing cost if capitalisation criteria are met, directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management and initial estimate of decommissioning, restoring and similar liabilities.

Subsequent costs related to an item of property, plant and equipment are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in statement of profit and loss during the reporting period when they are incurred.

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

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Property, plant and equipment individually costing ₹ 5,000 or less are depreciated at 100% in the year in which such assets are ready to use.

Depreciation is calculated using the straight-line method over their estimated useful lives as follows:

The estimates of useful lives of tangible assets are as follows:

Class of asset	Useful life as per schedule II	Useful life as per Company
Furniture and fixtures	10 years	5 years
Office equipment	5 years	4 years
Computer systems	6 years for server 3 years for other than server	2.5-3 years

Leasehold improvements are amortised over the period of the lease or life of the asset whichever is less.

The useful lives have been determined based on technical evaluation done by the management's expert which in certain instances are different from those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The assets residual values and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

d Intangible assets

Goodwill

Goodwill on acquisitions of business is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Group of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or Group of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

An item of intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gains or losses arising from derecognition are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Amortisation methods and periods

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Asset	Life in Years
Computer software	2.5-3 years
Non compete fees	3 years
Customer relations	3-4 years
Trade mark	2-3 years
Exclusive license	2 years

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The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of the each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Subsequent costs related to Intangible assets are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

e Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's Cash Generating Unit's (CGU's) to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/ forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Group operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to Other Comprehensive Income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or Cash Generating Unit's (CGU's) recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each Cash Generating Unit (CGU) (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

f Borrowing cost

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

g Leases

The Group has lease contracts for various items of computers, vehicles and buildings used in its operations. Lease terms generally ranges between 3 and 10 years.

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

Group as lessee

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

Right-of-use assets

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

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in note 2(e) for policy on impairment of non-financial assets.

Lease liabilities

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

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

Sublease

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If the sublease is classified as a finance lease, the original lessee derecognises the right-of-use asset on the head lease at the sublease commencement date and continues to account for the original lease liability in accordance with the lessee accounting model.

Short-term leases and leases of low-value assets

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

Lease and non-lease component

As per Ind AS - 116, "As a practical expedient, a lessee may elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has not opted for this practical expedient and have accounted for Lease component only.

Extension and termination option

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Management have not considered any future cash outflow for which they are potentially exposed arising due to extension and termination options.

Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit and loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease, otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

h Financial Instruments

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.

Non-derivative financial instruments:

a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through Other Comprehensive Income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS - 115.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (OCI), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at Fair Value Through Other Comprehensive Income (FVTOCI)
- Debt instruments, derivatives and equity instruments at Fair Value Through Profit and Loss (FVTPL)
- Equity instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI)

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

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Debt instruments at amortised cost

A 'Debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principle and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 12.

Debt instrument at FVTOCI

A 'Debt instrument' is classified as at the Fair Value Through Other Comprehensive Income (FVTOCI) if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent solely payments of principle and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the Other Comprehensive Income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the Effective Interest Rate (EIR) method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as Fair Value Through Other Comprehensive Income (FVTOCI), is classified as at Fair Value Through Profit or Loss (FVTPL).

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Equity investments

All equity investments in scope of Ind AS - 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS - 103 applies are classified as at Fair Value Through Profit or Loss (FVTPL). For all other equity instruments, the Group may make an irrevocable election to present in Other Comprehensive Income (OCI) subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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If the Group decides to classify an equity instrument as at Fair Value Through Other Comprehensive Income (FVTOCI), then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's Consolidated Balance Sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Reclassification of financial assets

The Group determines classification of financial assets on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Impairment of financial assets

In accordance with Ind AS - 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS - 115.

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(All amounts in ₹ lakhs, unless otherwise stated)

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

b) Financial Liabilities :

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at Fair Value Through Profit or Loss (FVTPL), loans and borrowings, or as payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

The subsequent measurement of financial liabilities depends on their classification, which is described below.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at Fair Value Through Profit or Loss (FVTPL)

Financial liabilities at Fair Value Through Profit or Loss (FVTPL) include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS - 109 are satisfied. For liabilities designated as FVTPL, fair value gains or losses attributable to changes in own credit risk are recognised in Other Comprehensive Income (OCI). These gain or loss are not subsequently transferred to statement of profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Group has not designated any financial liability as at fair value through profit or loss.

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Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains or losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer note 18.

Derecognition

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

d) Offsetting of financial instruments

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

Derivative financial instruments :

Initial recognition and subsequent measurement :

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit and loss, except for the effective portion of cash flow hedges, which is recognised in Other Comprehensive Income (OCI) and later reclassified to statement of profit and loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

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The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The Group designates certain foreign exchange forward and interest rate swaps as cash flow hedges with an intention to hedge its existing liabilities and highly probable transaction in foreign currency. When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedge reserve is reclassified to the Statement of Profit and Loss.

Compulsorily Convertible Preference Shares (CCPS)

Compulsorily Convertible Preference Shares (CCPS) are classified as a liability or equity components based on the terms of the contract and in accordance with Ind AS - 32 (Financial instruments: Presentation). CCPS issued by the Company classified as equity is carried at its transaction value and shown within "other equity". CCPS issued by the Company classified as liability is initially recognised at fair value (issue price). Subsequent to initial recognition, such CCPS is fair valued through the statement of profit and loss. On modification of CCPS from liability to equity, the CCPS is recorded at the fair value of CCPS classified as equity and the difference in fair value is recorded as a gain/ loss on modification in the statement of profit and loss.

i 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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

j Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow statement comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

k Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Indian rupee (₹), which is functional and presentation currency of the Parent Company

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in the statement of profit and loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., Consolidated Financial Statement when the foreign operation is a subsidiary), such exchange differences are recognised initially in Other Comprehensive Income (OCI). These exchange differences are reclassified from equity to the statement of profit and loss on disposal of the net investment.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to the statement of profit and loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item

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(i.e., translation differences on items whose fair value gain or loss is recognised in OCI or the statement of profit and loss are also recognised in OCI or the statement of profit and loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into ₹ at the rate of exchange prevailing at the reporting date and their profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in Other Comprehensive Income (OCI). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the statement of profit and loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (April 1 2018), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date

I Employee Benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current financial liabilities in the balance sheet.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Other long-term employee benefit obligations

The liabilities for leave balance are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields on government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

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The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The Group operates the following post-employment schemes:

(a) defined benefit plans - gratuity, and

(b) defined contribution plans such as provident fund.

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have term approximating the term of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Such accumulated re-measurement balances are never reclassified into the statement of profit and loss subsequently.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit and loss as past service costs.

Defined contribution plan

Retirement benefit in the form of provident fund scheme, Social security, National Insurance, Superannuation, Medicare schemes are the defined contribution plans. The Group has no obligation, other than the contribution payable. The Group recognizes contribution payable to these schemes as an expenditure, when an employee renders the related service.

m Employee share based payments

Certain employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

Equity-settled transactions:

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using a Black Scholes model except for the option on date of modification of plan from cash settled to equity settled transaction.

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

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Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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

n Taxation

Income tax comprises of current tax and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in the Other Comprehensive Income.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income (OCI) or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

In the situations where one or more entities in the group are entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where they operate, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the concerned entity's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognised in the year in which the temporary differences originate. However, the group restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle the asset and the liability on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss

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- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit and loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each

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reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

o Treasury shares

The Group has created an Employee Benefit Trust (EBT) for providing share-based payment to its employees. The Group uses EBT as a vehicle for distributing shares to employees under the employee remuneration schemes. The EBT buys shares from the Parent Company, for giving shares to employees. The Group treats EBT as its extension and shares held by EBT are treated as treasury shares. Refer note 16.

No gain or loss is recognised in statement of profit and loss on the issue or cancellation of the Group's own equity instruments.

On consolidation of EBT with the Group, the value of shares held by trust is shown as a deduction from equity (i.e. reduction from share capital to the extent of face value and remaining from securities premium). Gains/ losses recognized by the trust on issue of shares are shown as a part of securities premium.

Share options exercised during the reporting period are satisfied with treasury shares.

p Provisions and Contingent Liabilities

Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision for warranty

As per the terms of the contracts, the Group provides post-contract services / warranty support to some of its customers. The Group accounts for the post-contract support / provision for warranty on the basis of the information available with the management duly taking into account the current and past technical estimates. The estimate of such warranty-related costs is revised annually.

Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses it in the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

q Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Group has identified three reportable segment based on the dominant source, nature of risks and return and the internal organisation and management structure and for which discrete financial information is available. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Refer note 42 for segment information.

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r Earnings/(Loss) per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of Parent Company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period (including treasury shares).

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit and loss for the period attributable to equity shareholders of the Parent Company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions and CCPS during the year

Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into.

s Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The group treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible are not depreciated, or amortised assets once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately from other items in the balance sheet.

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A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

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

Additional disclosures are provided in note 45.

t Change in accounting policies and disclosure

(i) Amendment to Ind AS 116 : Covid-19- Related Rent Concessions.

The amendment provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions as a direct consequence of Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee who makes this election accounts for any change in lease payments resulting from Covid-19 rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The Group has availed this practical expedient. Refer note 27.

(ii) Amendment to Ind AS 103 Business Combination:

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all the inputs and processess needed to create outputs.

The Group has considered the above amendment in assessing the business combination transaction entered during the year and it had no impact on the financial statements of the Group.

u Standards notified but not yet effective:

There were no standard notified but not yet effective upto the date of issuance of the Company's financial statements.

v Critical estimates and judgements

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 grouping 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 asset or liability affected in future periods. The areas involving significant estimates or critical judgements are:

Significant estimates

(a) Defined benefit plans

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

The parameter most subject to change is the discount rate. The mortality rate is based on publicly available mortality table in India. The mortality tables tend to change only at interval in response to demographic changes. Further salary increases and gratuity increases are based on expected future inflation rates. Further details about the gratuity obligations are given in Note 34.

(b) 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.

(c) Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

At the time of finalisation of these financial statements the severity of the pandemic in the form of Wave 2 is peaking across the country and on account of which various state Governments have imposed lockdown like restrictions in various parts of the country. The situation though is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future spread of COVID-19 and thus the full impact still remains uncertain and could be different from the estimates considered while preparing these financial statements. The Group will continue to closely monitor any material changes to future economic conditions.

Critical judgements

(a) Deferred taxes

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all the deductible temporary differences, carry forward of unused tax credits and unused tax losses, however the same is restricted to the extent of the deferred tax liabilities unless it is probable that sufficient taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Also refer Note 10 (A) and 10 (B).

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

3 Property, plant and equipment

	Computer Systems	Office equipments	Furniture and fixtures	Leasehold improvements	Total	Capital work-in-progress
Gross carrying amount						
As at April 01, 2019	**194**	**99**	**21**	**43**	**357**	**-**
Additions	23	17	3	3	46	-
As at March 31, 2020	**217**	**116**	**24**	**46**	**403**	**-**
Additions	44	18	2	-	64	14
Disposals	(13)	-	-	-	(13)	-
Deletion on liquidation of subsidiary (refer note (i) below)	(1)	-	(1)	-	(2)	-
As at March 31, 2021	**247**	**134**	**25**	**46**	**452**	**14**
Accumulated Depreciation						
As at April 01, 2019	**80**	**41**	**9**	**13**	**143**	**-**
Charge for the year	108	37	7	15	167	-
As at March 31, 2020	**188**	**78**	**16**	**28**	**310**	**-**
Charge for the year	44	20	9	15	88	-
Disposals	(13)	-	-	-	(13)	-
Deletion on liquidation of subsidiary (refer note (i) below)	(1)	-	(1)	-	(2)	-
As at March 31, 2021	**218**	**98**	**24**	**43**	**383**	**-**
Net book value						
As at March 31, 2020	**29**	**38**	**8**	**18**	**93**	**-**
As at March 31, 2021	**29**	**36**	**1**	**3**	**69**	**14**

Note:

(i) The Group has liquidated its subsidiary i.e. Happiest Minds Technologies LLC during the year ended March 31, 2021. On liquidation, balance lying in gross block and accumulated depreciation has been reversed during the year ended March 31, 2021. Further refer note 45.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

4 Intangible Assets*

	Goodwill	Other intangible assets						Intangible assets under development
		Trademark	Customer relationships	Non-compete	Computer software	Exclusive license	Total	
Cost or valuation								
Deemed cost								
As at April 01, 2019	**2,990**	**32**	**577**	**42**	**187**	**-**	**838**	**17**
Additions	-		-	-	67	-	67	-
As at March 31, 2020	**2,990**	**32**	**577**	**42**	**254**	**-**	**905**	**17**
Additions	-	-	-	-	19	-	19	-
Acquisition of subsidiary (Refer note 44)	7,020	88	2,612	51	263	94	3,108	-
Transfer from intangible assets under development	-	-	-	-	17	-	17	(17)
Deletion on liquidation of subsidiary (refer note (i) below)	(492)	(32)	(373)	(31)	-	-	(436)	-
Exchange difference	14	-	5	-	1	-	6	
As at March 31, 2021	**9,532**	**88**	**2,821**	**62**	**554**	**94**	**3,619**	**-**
Accumulated amortisation								
As at April 01, 2019	**1,254**	**32**	**468**	**36**	**106**	**-**	**642**	**-**
Charge for the year	-	-	106	5	80	-	191	-
Impairment charge	1,126	-	-	-	-	-	-	-
As at March 31, 2020	**2,380**	**32**	**574**	**41**	**186**	**-**	**833**	**-**
Charge for the year	-	11	166	5	61	12	255	-
Deletion on liquidation of subsidiary (refer note (i) below)	(492)	(32)	(373)	(31)	-	-	(436)	-
Exchange difference	-	-	1	-	-	-	1	-
As at March 31, 2021	**1,888**	**11**	**368**	**15**	**247**	**12**	**653**	**-**
Net book value								
As at March 31, 2020	**610**	**-**	**3**	**1**	**68**	**-**	**72**	**17**
As at March 31, 2021	**7,644**	**77**	**2,453**	**47**	**307**	**82**	**2,966**	**-**

Note:

(i) The Group has liquidated its subsidiary i.e. Happiest Minds Technologies LLC during the year ended March 31, 2021. On liquidation, balance lying in gross block and accumulated amortisation and impairment has been reversed during the year ended March 31, 2021. Further refer note 45.

Impairment of goodwill

The Goodwill of ₹ 1,887 lakhs relates to business acquisition of OSS Cube Solutions Limited, ₹ 611 lakhs relates to the business acquisition of Cupola Technology Private Limited and ₹ 7,034 lakhs related to the business acquisition of Happiest Minds Inc. (formerly known as PGS Inc.) which has been allocated to OSS Cube, Internet of things (IoT) and Digital business solutions (DBS) cash generating units (CGUs), respectively. The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the CGU is determined based on value-in-use calculations which require the use of assumptions. The value-in-use is calculated using the cash flow projections based on financial budgets approved by management covering a five year period.

The Group acquired Happiest Minds Inc. (formerly known as PGS Inc.) during the year ended March 31, 2021. There has neither been significant time lapse from the date of such acquisition and reporting date nor any significant change in business has occured during the period and thus the management believe that there would not be any material impact on the value of goodwill on performing impairment assessment. Hence the management has not carried out impairment testing of goodwill pertaining to such acquisition.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

The following table sets out the key assumptions for calculation of value-in-use for these CGUs:

	OSS Cube		IoT		DBS	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Discount rate	NA	16.64%	15.89%	16.64%	Refer note above	NA
Long term growth rate	NA	2.00%	4.00%	4.00%	Refer note above	NA
Sales growth	NA	5%	10%	10%	Refer note above	NA
Carrying value of goodwill	-	-	610	610	7,034	NA

The discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets of the Cash Generating Unit (CGU).

The Group has recognised goodwill impairment of ₹ Nil (March 31, 2020 : ₹ 1,126 lakhs) relating to OSS Cube business during the year ended March 31, 2021. Since the entire goodwill was impairment during the ended March 31, 2020, sensitivity analysis has not been disclosed.

There is no impairment noted in the IoT CGU based on the assessment performed by the management. Management has performed sensitivity analysis around the base assumption and have concluded that no reasonable possible change in key assumptions would cause the recoverable amount of the IoT CGU lower than the carrying amount of CGU.

5 Right-of-use assets

	Computer systems	Office buildings	Motor vehicles	Total
As at April 01, 2019	**300**	**3,585**	**80**	**3,965**
Additions	663	43	-	706
Deletions	-	-	-	-
Depreciation	(291)	(1,324)	(50)	(1,665)
As at March 31, 2020	**672**	**2,304**	**30**	**3,006**
Additions	609	466	-	1,075
Depreciation	(448)	(1,464)	(19)	(1,931)
As at March 31, 2021	**833**	**1,306**	**11**	**2,150**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

6 Loans

Carried at amortised cost

	March 31, 2021	March 31, 2020
Non-current		
Loans considered Good - Unsecured		
Security deposit	349	767
Loans - credit impaired		
Security deposit	-	-
	349	767
Less: Allowance for credit impaired loans	-	-
	349	**767**
Current		
Loans considered Good - Unsecured		
Loan to employees	14	64
Security deposit (Refer note 1 below)	798	36
Loans - credit impaired		
Security deposit	1	511
	813	**611**
Less: Allowance for credit impaired loans	(1)	(511)
	812	**100**

Note 1:

In the current year, the Parent Company has deposited of ₹ 300 lakhs to NSE/BSE as a bank guarantee for the purpose of IPO.

7 Other financial assets

		March 31, 2021	March 31, 2020
(a)	**Other financial assets carried at amortised cost**		
	(unsecured, considered good, unless otherwise stated)		
	Non-current		
	Fixed deposit with maturity of more than 12 months	1,733	183
	Margin money deposits - refer note (i) below	376	185
		2,109	**368**
(i)	**Margin money deposit is used to secure:**		
	Term loan - RBL bank	-	135
	Term loan - Federal bank	370	-
	Guarantees given	6	50
	Current		
	Interest accrued on fixed deposit	52	71
	Unbilled revenue	5,841	4,471
	Other receivables	34	2
	Net Investment in Sublease of ROU Asset	-	7
		5,927	**4,551**
	Unbilled revenue - credit impaired	132	91
	Less: Allowance for credit impaired loans	(132)	(91)
		5,927	**4,551**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

The table below provides details regarding the contractual maturities of lease receivables for the year ended March 31, 2020 and March 31, 2021 and reconciliation of undiscounted lease receivables to Net investment.

		March 31, 2021	March 31, 2020
	Within one year	-	7
	Within 1 to 2 year	-	-
	Within 2 year and above	-	-
	Total undiscounted payments receivables (A)	-	7
	Unearned finance income (B)	-	-
	Net investment (A-B)	-	7
(b)	**Derivative instruments carried at fair value through OCI**		
	Cash flow hedges		
	Foreign currency forward contracts	523	5
	Interest rate Swaps	-	14
		523	**19**
Total other current financial assets		**6,450**	**4,570**

8 Income tax assets (net)

	March 31, 2021	March 31, 2020
Non - current		
Income tax assets (net)	1,408	1,335
	1,408	**1,335**

9 Other assets

Unsecured, considered good, unless otherwise stated

	March 31, 2021	March 31, 2020
Non - current		
Prepaid expenses	7	33
	7	**33**
Current		
Prepaid expenses	798	574
Balances with statutory / government authorities	449	254
Advance to Employees against expenses	22	43
Advance to suppliers	64	189
	1,333	**1,060**

10A Deferred tax assets (net)

The Company has recognised deferred tax on temporary deductible difference which are probable to be available against future taxable profit.

	March 31, 2021	March 31, 2020
Deferred tax assets (net)	1,026	-
	1,026	**-**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Significant components and movement in deferred tax assets and liabilities during the year :

	April 01, 2020	Recognised in profit or loss	Recognised in Other comprehensive income	March 31, 2021
Deferred tax liability				
Mutual funds	-	54	-	54
Property, plant and equipment and intangible assets	-	16	-	16
Derivative assets	-	-	128	128
Total deferred tax liabilities	**-**	**70**	**128**	**198**
Deferred tax assets				
Loss allowance on trade receivables	-	(318)	-	(318)
Lease liability and right-of-use assets	-	(125)	-	(125)
Provision for gratuity and leave encashment	-	(582)	(36)	(618)
Others	-	(163)	-	(163)
Total deferred tax assets	**-**	**(1,188)**	**(36)**	**(1,224)**
Deferred tax assets (net)	**-**	**(1,118)**	**92**	**(1,026)**

10B Deferred tax assets (net)

	March 31, 2021	March 31, 2020
Deferred tax liabilities (net)	725	
	725	**-**

Significant components and movement in deferred tax assets and liabilities during the year:

Reconciliation of deferred tax liabilities (net):

	Amortisation of intangibles
April 01, 2020	-
Acquisition of business (Refer note 44)	777
Recognised in Profit or loss	(53)
Recognised in foreign current translation reserve	1
March 31, 2021	**725**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

11 Investments

Carried at fair value through statement of profit and loss

	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Units in lakhs	Units in lakhs	Amount	Amount
Current				
Franklin Templeton - TMA Super IP - Growth	-	*	-	269
ICICI Prudential - short term - Growth #	9	9	405	372
ICICI Prudential - short term fund - Growth	-	20	-	913
ICICI Prudential - Savings Fund - Growth	-	11	-	4,227
Kotak - Banking & PSU Debt fund - Growth	-	19	-	915
L&T - Banking & PSU Debt fund - Growth	-	91	-	1,641
Axis - Treasury Advantage Fund - Growth	1	-	2,954	-
HDFC - Ultra short term fund - Growth	756	-	9,028	-
IDFC - Ultra short term fund - Growth	365	-	4,368	-
Kotak - Savings Fund - Growth	210	-	7,282	-
Aditya Birla - Savings Fund - Growth	16	-	6,759	-
ICICI Prudential - Ultra short term fund - Growth	301	-	6,865	-
ICICI Prudential - Liquid Fund - Growth	5	-	1,487	-
			39,148	**8,337**

Note:

9 lakhs units of mutual funds of ICICI prudential mutual fund (March 31, 2020 - 9 lakhs units) is pledged with RBL Bank as security towards packing credit facilities availed by the Company for the year ended March 31, 2021.

* Units are not presented as they are below the rounding off norms adopted by the Group.

Aggregate book value of quoted investments	39,148	8,337
Aggregate market value of quoted investments	39,148	8,337
Aggregate value of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

12 Trade receivables

Carried at amortised cost

	March 31, 2021	March 31, 2020
Current		
Trade receivables - others	12,192	11,487
Total trade receivables	**12,192**	**11,487**
Break-up for security details		
Secured, considered good	-	-
Unsecured, considered good	13,593	12,772
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	1,510
	13,593	**14,282**
Impairment allowance		
Secured, considered good	-	-
Unsecured, considered good	(1,401)	(1,285)
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	(1,510)
Trade receivables net of impairment	**12,192**	**11,487**

(i) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

(ii) Trade receivables are non-interest bearing and are generally on terms of 10 to 100 days.

(iii) For terms and conditions relating to related party receivables refer note 38.

13 Cash and cash equivalents

	March 31, 2021	March 31, 2020
Balances with banks:		
- in current accounts	4,179	1,431
- in EEFC accounts	2,029	1,922
Deposits with original maturity of less than three months - refer note below	2,375	1,000
	8,583	**4,353**

Note:

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates

14 Bank and bank balance other than cash and cash equivalents

	March 31, 2021	March 31, 2020
Fixed deposit with maturity of more than 12 months	2,940	10,185
Margin money deposits - refer note (i) below	2,995	4,422
	5,935	**14,607**
(i) Margin money deposit is used to secure:		
Working capital facility and bank overdrafts	2,100	3,600
MTM shortfall	-	40
Guarantees given	895	782

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

15 Share Capital

Equity share capital

i) Authorised share capital

	Numbers	Amount
Equity share capital of ₹ 2 each		
As at April 01, 2019	**5,00,00,000**	**1,000**
Increase during the year	-	-
As at March 31, 2020	**5,00,00,000**	**1,000**
Increase during the year - refer note below	17,93,00,000	3,586
As at March 31, 2021	**22,93,00,000**	**4,586**

On April 29, 2020, the Board of Directors of the Company increased the authorised share capital of the Company to ₹ 4,586 lakhs divided into 22,93,00,000 equity shares of ₹ 2 each. Refer note 16 for reclassification of preference shares into equity shares.

ii) Issued, subscribed and fully paid up Equity share capital

	Numbers	Amount
Equity share capital of ₹ 2 each, fully paid up		
As at April 01, 2019	**2,98,33,252**	**597**
Conversion of preference shares during the year - refer note (1) below	1,22,25,000	245
Issue of shares by trust - refer note (2) below	18,40,925	37
As at March 31, 2020	**4,38,99,177**	**879**
Conversion of preference shares during the year - refer note (1) below	9,08,47,235	1,817
Issue of shares by trust - refer note (2) below	4,10,386	8
Issued during the year - refer note (3) below	66,26,506	133
At March 31, 2021	**14,17,83,304**	**2,837**

(1) During the year ended March 31, 2021, 5,57,345 (March 31, 2020 - 75,000) Series A 14% Non Cumulative Compulsorily Convertible Preference Shares (CCPS) were converted into equity at a ratio of 1:163.

(2) During the year ended March 31, 2021, Employee Benefit Trust (EBT) issued 4,10,386 (March 31, 2020 - 18,40,925) equity shares to the employees upon exercise of employee stock options.

(3) During the year ended March 31, 2021, the Company has allotted 66,26,506 (March 31, 2020 - Nil) equity shares of face value ₹ 2 each, at a premium of ₹ 164 per share for cash as a part of an initial public offering vide board resolution dated September 15, 2020. Transaction costs pertaining to the issue have been debited to securities premium account.

(iii) Terms/ rights attached to equity shares

The Company has a single class of equity share of par value ₹ 2 each. Each holder of the equity shares is entitled to one vote per share and carries a right to dividends as and when declared by the Company.

In the event of liquidation of the Company, the holders of equity shares, will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

(iv) Details of shareholders holding more than 5% shares in the Company: -

	March 31, 2021		March 31, 2020	
	No of Shares	Holding percentage	No of Shares	Holding percentage
Equity shares of ₹ 2 each fully paid				
Mr. Ashok Soota (Promoter)	6,00,61,701	42.36%	1,55,43,017	35.41%
Ashok Soota Medical Research LLP	1,79,48,784	12.66%	1,22,25,000	27.85%

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

(v) The Company has not issued any bonus shares or shares for consideration other than cash during the period of five years immediately preceding the reporting date.

16 Instrument entirely in the nature of equity

i) Authorised share capital

	Numbers	Amount
Series A 14% Non Cumulative Compulsorily Convertible Preference Shares (CCPS) of ₹ 652 each		
As at April 01, 2019	**7,50,000**	**4,890**
Increase during the year	-	-
As at March 31, 2020	**7,50,000**	**4,890**
Decrease during the year - refer note below	(5,50,000)	(3,586)
As at March 31, 2021	**2,00,000**	**1,304**

On April 29, 2020, the Board of Directors of the Company reduced the authorised share capital of the Company to ₹ 1,304 lakhs divided into 200,000 preference shares of ₹ 652 each. Refer note 15 for reclassification of preference share into equity shares.

ii) Issued, subscribed and fully paid up Non cumulative compulsorily convertible preference share capital

	Numbers	Amount
Series A 14% Non Cumulative Compulsorily Convertible Preference Shares (CCPS) of ₹ 652 each		
As at April 01, 2019	**3,42,073**	**2,230**
Increase on account of modification of CCPS - refer note 16 (iii) (b) & (c)	2,90,272	1,893
Conversion into equity shares during the year - refer note 15 (ii) (3)	(75,000)	(489)
As at March 31, 2020	**5,57,345**	**3,634**
Conversion into equity shares during the year - refer note (15) (ii) (3)	(5,57,345)	(3,634)
As at March 31, 2021	**-**	**-**

(iii) Terms/ rights attached to convertible preference shares

(a) Each holder of CCPS is entitled to receive a preferential non-cumulative dividend at 14% per annum on the par value of each share if declared by the Board Of Directors. Holders of CCPS shall receive preferential dividend in preference to dividend payable on equity shares and shall not participate in any further dividends declared on equity shares. Preference shareholders are also entitled to vote in the shareholders meeting.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Holders of Series A 14% Non Cumulative Compulsorily Convertible Preference Shares (CCPS) are entitled to participate in the surplus proceeds (which is subject to a limit of two times the amount invested) from the Liquidation Event, if any, on a pro-rata basis along with all other holders of Equity Shares on a fully diluted basis.

The holders of the preference share at their option can require the Company to convert all or a part of Series A preference shares held by them into equity shares at any time during the conversion period in according to the conversion ratio defined in the agreement (i.e. 1:163)

All the preference shares shall be converted into equity shares in the ratio of 1:163 on occurrence of the following event:

1- On Expiry of the conversion period.

2- Later of (a) Date of filing Red herring prospectus with SEBI (b) Such other date as may be permitted by law in connection with Qualified IPO.

3- Upon the holders of a majority of the investors shares exercising the conversion right with respect to preference shares held by them

The investors (other than promoters) had an exit option including the buyback by the Company, if the Company's securities were not listed on any stock exchange pursuant to successful Qualified IPO undertaken by the Company. Considering the investors had cash settlement alternatives which was not under the control of the Company, the CCPS held by the investors were classified as liability till year ended March 31, 2019. The terms of the entire CCPS was modified during the year ended March 31, 2020 resulting into equity classification. Refer note (b) and (c) below.

(b) Pursuant to Share Purchase Agreement entered on July 1, 2019 between Intel Capital Corporation ("Intel") and Mr. Ashok Soota, Intel has sold 1,23,099 CCPS to Mr. Ashok Soota. Upon such transfer, the existing CCPS classified as liability was treated as instruments entirely in the nature of equity.

(c) On March 25, 2020, CMDB II had waived its right for exit option including the buyback for 1,67,173 CCPS. Upon aforesaid waiver of rights, the existing CCPS classified as liability were treated as instruments entirely in nature of equity. These CCPS on date of modification were accounted at fair value. There was no gain/loss on derecognition of liability.

(iv) Details of shareholders holding more than 5% shares in the Company: -

	March 31, 2021		March 31, 2020	
	No of Shares	Holding percentage	No of Shares	Holding percentage
Series A 14% Non Cumulative Compulsorily Convertible Preference Shares				
Mr. Ashok Soota (Promoter)	-	0.00%	3,59,601	64.52%
CMDB II	-	0.00%	1,67,173	29.99%

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

c) Treasury shares

	No of shares
As at April 01, 2019	**73,31,563**
Issue for cash on exercise of share options	(18,40,925)
As at March 31, 2020	**54,90,638**
Issue for cash on exercise of share options	(4,10,386)
As at March 31, 2021	**50,80,252**

(i) For terms/ rights attached to treasury shares refer note 15 (iii) above

17 Other equity

	March 31, 2021	March 31, 2020
Securities premium account	40,454	27,781
Retained earnings	10,550	(5,597)
Cash flow hedge reserve	379	(730)
Foreign currency translation reserve	18	110
Share options outstanding reserve	361	454
	51,762	**22,018**
a) Securities premium account		
Opening balance	**27,781**	**18,602**
Conversion of preference shares during the year - refer note (15) (ii) (1)	1,817	245
Change on account of modification of preference shares - refer note (16) (iii) (b) and (16) (iii) (c)	-	24,481
Increase during the year - refer note (15) (ii) (c)	10,867	-
Transaction costs on issue of shares - refer note (15) (ii) (c)	(456)	-
Exercise of share option by employees	64	405
Transferred from ESOP reserve for options exercised	381	-
Reduction of capital - refer note (i) below	-	(15,952)
Closing balance	**40,454**	**27,781**
b) Retained earnings		
Opening balance	**(5,597)**	**(28,633)**
Profit for the year	16,246	7,171
Other comprehensive income recognised directly in retained earnings	(108)	(139)
Reduction of capital - refer note (i) below	-	15,952
Transferred from share option outstanding reserve for options forfeited	9	52
Closing balance	**10,550**	**(5,597)**
c) Cash flow hedge reserve		
Opening balance	**(730)**	**237**
Net movement on effective portion of cash flow hedges - refer note 36	1,109	(967)
Closing balance	**379**	**(730)**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

		March 31, 2021	March 31, 2020
d)	**Foreign currency translation reserve**		
	Opening balance	**110**	**122**
	Additions during the period	22	(12)
	Reclassified to profit or loss on liquidation of subsidiary-refer note (ii) below	(114)	-
	Closing balance	**18**	**110**
e)	**Share options outstanding reserve**		
	Opening balance	**454**	**240**
	Employee compensation expense for the year - refer note 43	297	266
	Transferred to retained earnings for options forfeited	(9)	(52)
	Transferred to securities premium for options exercised	(381)	-
	Closing balance	**361**	**454**

Note

(i) Capital reduction

The Parent Company had filed for capital reduction through National Company Law Tribunal ("NCLT") and received an approval vide order dated November 5, 2019 for writing off the accumulated losses of the Parent Company being the debit balance of Profit and Loss Account as appearing in the Standalone Financial Statements of the Parent Company as at March 31, 2018 prepared under previous GAAP ("Indian GAAP") with Securities Premium. The accumulated losses of the Parent Company as at March 31, 2018 was ₹ 17,233 lakhs and during the year ended March 31, 2019, the Parent Company had earned a profit of ₹ 1,281 lakhs under Indian GAAP and the accumulated balance in Profit and Loss Account as at March 31, 2019 was ₹ 15,952 lakhs. This balance has been written off during the year ended March 31, 2020.

(ii) Liquidation of subsidiary

The Group has liquidated its subsidiary i.e. Happiest Minds Technologies LLC during the year ended March 31, 2021. Pursuant to such liquidation, the cumulative balance lying in foreign currency translation reserve has been reclassified to statement of profit and loss. Refer note 45.

(iii) Nature and purpose of other reserves

a) Securities premium account :

Securities premium account has been created consequent to issue of shares at premium. The reserve can be utilised in accordance with the provisions of the Companies Act 2013.

b) Retained earnings :

Retained earnings comprises of prior and current year's undistributed earnings/accumulated losses after tax.

c) Cash flow hedge reserve :

The Group uses foreign currency forward contracts to hedge the highly probable forecasted transaction and interest rate swaps to hedge the interest rate risk associated with foreign currency term loan. The effective portion of fair value gain/loss of the hedge instrument is recognised in the cash flow hedge reserve. Amounts recognised in the cash flow hedge reserve is reclassified to the Statement of Profit and Loss when the hedged item affects profit or loss.

d) Foreign currency translation reserve :

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to statement of profit and loss when the net investment is disposed-off.

e) Share options outstanding reserve :

The share options based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

18 Borrowings

Carried at amortised cost

	March 31, 2021	March 31, 2020
Non current		
Secured		
Foreign currency term loan from bank - refer note (a) below	5,658	927
	5,658	**927**
Less: Current maturity of term loans	(1,997)	(795)
Total non-current borrowings	**3,661**	**132**
Current		
Secured		
Loans repayable on demand from banks		
Foreign currency loan (PCFC) - refer note (b) and (c) below	10,972	6,916
Total current borrowings	**10,972**	**6,916**

Notes

(a) Foreign currency term loan of ₹ 6,025 lakhs (USD 8.25 million) million from Federal bank carries a fixed interest rate of 3.45% per annum. The loan is repayable in 36 equal monthly instalments commencing from February 28, 2021. The loan is secured by the way of exclusive charge on movable fixed assets of the Parent Company (excluding leased asset charged to Hewlett packard and also by lien on fixed deposit equivalent to two months instalments plus interest. The loan is raised exclusively for funding the acquisition of Happiest Minds Inc. (formerly known as PGS Inc.)

Foreign currency term loan from RBL bank carries a floating interest rate of 6m Libor + 3.1%. The loan is repayable in 45 equal monthly instalments from the date of its origination, viz., May 26, 2017, with a moratorium of 3 months. The loan is secured by charge on movable assets and also by lien on fixed deposit equivalent to two months instalments. Further, floating interest on loan has been hedged through USD interest rate swap resulting in a fixed interest rate of 6.5% p.a. The entire loan is repaid during the year ended March 31, 2021.

(b) PCFC loan taken from Kotak Mahindra carries an interest rate ranging 1.25 % to 3.76 % p.a. (March 31, 2020 - 4.20 % to 5.74 % p.a.) and is repayable on demand.

PCFC loan taken from RBL bank carries an interest rate ranging 1.90% to 4.07% p.a. (March 31, 2020 - 3.98% to 5.68% p.a.) and is repayable on demand.

PCFC loan taken from Federal bank carries an interest rate of 2.3% p.a. (March 31, 2020 - Nil) and is repayable on demand.

PCFC loan taken from ICICI bank carries an interest rate of 2.3% p.a. (March 31, 2020 - Nil) and is repayable on demand.

(c) PCFC are fully secured by the way of pari-passu charge on current assets of the Parent Company and also by the way of lien on mutual funds to the extent of ₹ 405 lakhs (March 31, 2020 - ₹ 372 lakhs) (refer note 11) and fixed deposits to the extent of ₹ 600 lakhs (March 31, 2020 - ₹ 600 lakhs) (Refer note 14).

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

The table below details change in the Group's liabilities arising from financing activities, including both cash and non-cash changes

	Series A 14% Non Cumulative compulsorily convertible preference shares	Non-current borrowings	Current borrowings*
As at April 01, 2019	**26,322**	**1,579**	**6,012**
Financing cash flows (net)	-	(755)	430
Non cash movements:			
Fair value changes and others	52	9	-
Foreign exchange difference	-	94	474
Reclassified to equity on account of modification - refer note 16 (iii) (b) & (iii) (c)	(26,374)	-	-
As at March 31, 2020	**-**	**927**	**6,916**
Financing cash flows (net)	-	4,768	4,213
Non cash movements:			
Fair value changes and others	-	(32)	-
Foreign exchange difference	-	(5)	(157)
As at March 31, 2021	**-**	**5,658**	**10,972**

* includes net inflow/ (outflow) pertaining to bank overdraft which is shown as a part of cash and cash equivalent for the purpose of cash flow statements.

19 Lease liabilities

Carried at amortised cost

	March 31, 2021	March 31, 2020
Non current		
Lease liabilities	2,645	3,547
	2,645	**3,547**
Less: Current maturity of lease liabilities	(1,422)	(1,816)
Total non-current Lease liabilities	**1,223**	**1,731**
Current		
Lease liabilities	1,422	1,816
Total current lease liabilities	**1,422**	**1,816**

(i) Movement in lease liabilities for year ended March 31, 2021 and March 31, 2020:

	March 31, 2021	March 31, 2020
Balance at beginning of the year	3,547	4,546
Additions	1,052	706
Finance cost incurred during the period - refer note 29	328	414
Payment of lease liabilities	(2,290)	(2,124)
Exchange difference	8	5
Balance at the end of the year	**2,645**	**3,547**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

(ii) **The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 and March 31, 2020**

	March 31, 2021	March 31, 2020
Less than one year	1,600	2,097
One to five years	1,328	1,898
More than five years	-	-

(iii) The Group had total cash outflows of ₹ 1,989 lakhs during the year ended March 31, 2021 (March 31, 2020 - ₹ 2,124 lakhs) for leases recognized in balance sheet. The Group has made a non-cash addition to right-of-use assets and lease liabilities of ₹ 1,052 lakhs during the year ended March 31, 2021 (March 31, 2020 - ₹ 706 lakhs).

20 Other financial liabilities

	March 31, 2021	March 31, 2020
Non-Current		
Carried at fair value through profit or loss		
Contingent consideration	2,455	-
	2,455	**-**
Current		
Carried at amortised cost		
Current maturity of term loan - refer note 18	1,997	795
Employee related liabilities	3,584	4,853
	5,581	**5,648**
Carried at fair value through profit or loss		
Contingent consideration	1,276	-
	1,276	**-**
Carried at fair value through Other Comprehensive Income		
Cash flow hedges		
Foreign currency forward contracts	17	749
Total financial liabilities at fair value through Other Comprehensive Income	**17**	**749**
Total other financial liabilities	**6,874**	**6,397**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

21 Provisions

	March 31, 2021	March 31, 2020
Non-current		
Provision for gratuity - refer note 34	1,653	1,255
	1,653	**1,255**
Current		
Provision for gratuity - refer note 34	240	240
Provision for compensated absence	1,243	941
Other provisions		
Provision for warranty	25	65
	1,508	**1,246**
Movement during the year - Provision for warranty		
Balance as at April 01, 2019		7
Arising during the year		60
Utilised/ reversed during the year		(2)
Balance as at March 31, 2020		**65**
Arising during the year		-
Utilised/ reversed during the year		(40)
Balance as at March 31, 2021		**25**

22 Contract liability

	March 31, 2021	March 31, 2020
Current		
Unearned revenue - refer note (i) below	1,072	818
	1,072	**818**

(i) The Group has rendered the service and have recognised the revenue of ₹ 768 lakhs (March 31, 2020: ₹ 857 lakhs) during the year from the unearned revenue balance at the beginning of the year.

23 Trade payables

Carried at amortised cost

	March 31, 2021	March 31, 2020
Total outstanding dues of micro enterprises and small enterprises - refer note (iii) below	95	12
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,006	3,430
	4,101	**3,442**

Terms and conditions of above trade payables:

(i) Trade payables are non-interest bearing and are normally settled on 0 to 30 days terms.

(ii) For explanation of Group's credit risk management - refer note 36

(iii) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 - refer below note

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006

Particular	March 31, 2021	March 31, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
Principal amount due to micro and small enterprises	95	12
Interest due on the above	-	-
(i) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(ii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(iii) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(iv) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	-	-
(iv) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	-	-

24 Other liabilities

	March 31, 2021	March 31, 2020
Current		
Statutory dues payable	1,481	506
Other payables	449	25
	1,930	**531**

25 Revenue from contract with customers

	For the year ended	
	March 31, 2021	March 31, 2020
Sale of service	77,306	69,760
Sale of licenses	35	61
	77,341	**69,821**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

25.1 Disaggregated revenue information

Segment	For the year ended March 31, 2021			
	Infrastructure Management & Security Services	Digital Business Solutions	Product Engineering Services	Total
Revenue from contract with customers	16,421	21,288	39,632	77,341
Total revenue from contracts with customers	**16,421**	**21,288**	**39,632**	**77,341**
India	6,078	2,103	2,283	10,464
Outside India	10,343	19,186	37,348	66,877
Total revenue from contracts with customers	**16,421**	**21,289**	**39,631**	**77,341**
Timing of revenue recognition				
Licenses transferred at a point in time	-	35	-	35
Services transferred over time	16,423	21,255	39,628	77,306
Total revenue from contracts with customers	**16,423**	**21,290**	**39,628**	**77,341**

Segment	For the year ended March 31, 2020			
	Infrastructure Management & Security Services	Digital Business Solutions	Product Engineering Services	Total
Revenue from contract with customers	15,361	19,167	35,293	69,821
Total revenue from contracts with customers	**15,361**	**19,167**	**35,293**	**69,821**
India	5,192	951	2,191	8,334
Outside India	10,168	18,213	33,106	61,487
Total revenue from contracts with customers	**15,360**	**19,164**	**35,297**	**69,821**
Timing of revenue recognition				
Licenses transferred at a point in time	13	48	-	61
Services transferred over time	15,348	19,116	35,296	69,760
Total revenue from contracts with customers	**15,361**	**19,164**	**35,296**	**69,821**

25.2 Contract balances

	March 31, 2021	March 31, 2020
Trade receivables	12,192	11,487
Contract assets	5,841	4,471
Contract liability	1,072	818

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

25.3 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

	For the year ended	
	March 31, 2021	March 31, 2020
Revenue as per contract price	77,800	69,910
Discount	(459)	(89)
Revenue from contract with customers	**77,341**	**69,821**

The Group has applied practical expedient as given in Ind AS 115 for not disclosing the remaining performance obligation for contracts that have original expected duration of one year or lesser. The Group have fixed price contracts for a period of more than one year, the remaining performance obligation for these contracts is ₹ 7,089 lakhs (March 31, 2020: ₹ 10,295 lakhs). The revenue for remaining performance obligation is expected to be recognised over period of 1-4 years (March 31, 2020: 1-4 years,).

26 Other income

	For the year ended	
	March 31, 2021	March 31, 2020
Interest income on:		
Deposits with bank	709	369
Income tax refund	49	26
Financial instrument measured at amortised cost	80	71
	838	**466**
Fair value gain on investment measured at FVTPL	184	121
Gain on sale of investments measured at FVTPL	671	455
Exchange gain	79	518
Settlement claim - refer note (i) below	212	-
Rent concession - refer note (ii) below	302	-
Gain on liquidation of subsidiary - refer note 45	82	-
Miscellaneous income	56	42
	1,586	**1,136**
	2,424	**1,602**

Note:

(i) The Group had entered into Membership Interest Purchase Agreement on May 29, 2017 to acquire interest in OSS Cube LLC. As per terms of Membership Interest Purchase Agreement, the sellers of OSS Cube LLC had to pay ₹ 100 lakhs towards shortfall in working capital and accounts receivable for which the Group made a claim with the sellers through US attorneys in May 2018. The Counsel representing sellers responded in June 2018, admitting the claim to the extent of ₹ 63 lakhs and have made a counterclaim of ₹ 558 lakhs for breach of earn-out/contingent payment. On April 15, 2020, a settlement was reached and settlement agreement has been entered by both the parties wherein the sellers have agreed to pay ₹ 212 lakhs (USD 2,80,000) over an agreed period of time and all claims by the seller have been relinquished.

The Group is also subject to certain other claims and suits that arise from time to time in the ordinary conduct of its business. While the Group currently believes that such claims, individually or in aggregate, will not have a material adverse impact on its financial position, cash flows, or results of operations, the litigation and other claims are subject to inherent uncertainties, and management's view of these matters may change in the future. Were an unfavourable final outcome to occur in any one or more of these matters, there exists the possibility of a material adverse impact on the Group's business, reputation,

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

financial condition, cash flows, and results of operations for the period in which the effect becomes reasonably estimable. The Group received settlement amount of ₹ 212 lakhs (USD 2,80,000) from OSS Cube LLC wide settlement and mutual release agreement signed on April 15, 2020 which was recorded by the Group in the Profit and Loss Statement.

(ii) During the year ended March 31, 2021, there is a rent concession allowed as a direct consequence of the Covid-19 pandemic. Rent concession has resulted in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change. Reduction in lease payments affect only payments originally due on or before the June 30, 2021 and there is no substantive change to other terms and conditions of the lease. As a practical expedient, the Group has elected not to assess rent concession as a lease modification. The Group has accounted the change in lease payments resulting from rent concession in the same way as it would account for the change under Ind AS 116, if the change were not a lease modification.

27 Employee benefits expense

	For the year ended	
	March 31, 2021	March 31, 2020
Salaries, wages and bonus	41,522	41,089
Contribution to provident fund	2,087	1,905
Employee stock compensation expense - refer note 43	297	266
Gratuity expense - refer note 34	409	317
Compensated absences	689	382
Staff welfare expenses	234	164
	45,238	**44,123**

28 Depreciation and amortisation expense

	For the year ended	
	March 31, 2021	March 31, 2020
Depreciation of property, plant and equipment - refer note 3	88	167
Amortisation of intangible assets - refer note 4	255	191
Depreciation of right-of-use assets - refer note 5	1,931	1,665
	2,274	**2,023**

29 Finance costs

	For the year ended	
	March 31, 2021	March 31, 2020
Interest expense on:		
Borrowings	341	336
Lease liabilities - refer note 19	328	414
Fair value loss on Compulsorily Convertible Preference Shares (CCPS)	-	52
Fair value loss on contingent consideration	28	-
	697	**802**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

30 Other expenses

	For the year ended	
	March 31, 2021	March 31, 2020
Power and fuel	184	449
Subcontractor charges	7,445	7,271
Repairs and maintenance		
- Buildings	101	193
- Equipments	27	25
- Others	209	404
Rent expenses - refer note (ii) below	166	300
Advertising and business promotion expenses	101	263
Commission	174	186
Communication costs	257	289
Insurance	46	36
Legal and professional fees - refer note (i) below	273	1,140
Software license cost	1,788	1,238
Rates and taxes	69	31
Recruitment charges	360	230
Impairment loss allowance on trade receivables	980	706
Impairment loss allowance on unbilled revenue	41	56
Sitting fees to non-executive directors - refer note 38	56	9
Commission to non-executive directors - refer note 38	24	-
Corporate Social Responsibility ('CSR') expenditure - refer note 39	75	21
Travelling and conveyance	427	2,910
Miscellaneous expenses	151	231
	12,954	**15,988**

(i) Payment to auditors:

	For the year ended	
	March 31, 2021	March 31, 2020
As auditor:		
Audit fee	70	30
In other capacity		
Certification fees	9	3
Reimbursement of expenses	2	2
	81	**35**

(ii) Rent expense recorded under other expenses are lease rental for short-term leases

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

31 Exceptional items

	For the year ended	
	March 31, 2021	March 31, 2020
Impairment of goodwill - refer note 4	-	1,126
	-	**1,126**

32 Income tax expense/(income)

		For the year ended	
		March 31, 2021	March 31, 2020
a)	**Statement of profit and loss**		
	Current tax	3,527	172
	Adjustment of tax relating to earlier periods	-	18
	Deferred tax credit	(1,171)	-
	Income tax expense/(income)	**2,356**	**190**
b)	**Statement of other comprehensive income**		
	On net movement on effective portion of cash flow hedges	(127)	-
	On re-measurement losses on defined benefit plans	36	-
		(91)	**-**
Reconciliation of tax expense and tax based on accounting profit:			
Profit before income tax expense		18,602	7,361
Tax at the Indian tax rate of 25.17% (March 31, 2020 : 25.17%)		4,682	1,853
Tax effect of:			-
Utilisation of previous year losses for which no deferred tax was created		(400)	(2,260)
Deferred tax recognised during the year net of reversal of temporary difference		(1,831)	-
Deferred tax not recognised on current year losses		-	11
Deferred tax not recognised on current year temporary difference		-	324
Effect on change in rates		(8)	225
Others		(87)	37
Income tax expense		**2,356**	**190**

33 Earnings per share ['EPS']

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

	For the year ended	
	March 31, 2021	March 31, 2020
Profit after tax attributable to equity holders of the Parent Company (a) (₹ in lakhs)	16,246	7,171
Weighted average number of shares outstanding during the year for basic EPS (b)	13,82,98,186	10,17,92,647
Weighted average number of shares outstanding during the year for diluted EPS (c)	14,18,87,367	13,36,88,639
Basic Earning per share (in ₹) (a/b)	11.75	7.04
Diluted Earnings per share (in ₹) (a/c)	11.45	5.36
Equity shares reconciliation for EPS		
Equity shares outstanding	12,27,00,079	3,09,71,750
CCPS convertible into Equity shares	1,55,98,107	7,08,20,897
Total considered for Basic EPS	**13,82,98,186**	**10,17,92,647**
Add: ESOP options / CCPS	35,89,181	3,18,95,992
Total considered for diluted shares	**14,18,87,367**	**13,36,88,639**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

34 Employee benefits plan

(i) Defined contribution plans - Provident Fund

The Group makes contributions for qualifying employees to Provident Fund and other defined contribution plans. During the year, the Group recognised ₹ 2,087 lakhs (March 31, 2020 : ₹ 1,905 lakhs) towards defined contribution plans.

(ii) Defined benefit plans (funded):

The Group provides for gratuity for employees in India as per the Payment of Gratuity (Amendment) Act, 2018. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The Gratuity plan of the Group is funded with qualifying life insurance Company.

Gratuity is a defined benefit plan and Group is exposed to the Following Risks:

Interest risk	A decrease in the bond interest rate will increase the plan liability.
Investment Risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

	March 31, 2021	March 31, 2020
Current	240	240
Non-current	1,652	1,255
	1,893	**1,495**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

The following table sets out movement in defined benefits liability and the amount recognised in the financial statements:

Changes in the defined benefit obligation and fair value of plan assets for the year ended March 31, 2021:

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 01, 2020	**1,539**	**44**	**1,495**
Current Service cost	322	-	322
Net interest expense/(income)	89	3	86
Total amount recognised in statement of profit and loss	**411**	**3**	**408**
Benefits paid	(99)	(99)	-
Remeasurement			
Return on plan assets	-	2	(2)
Actuarial changes arising from changes in demographic assumptions	(7)	-	(7)
Actuarial changes arising from changes in financial assumptions	160	-	160
Experience adjustments	(7)	-	(7)
Total amount recognised in other comprehensive income	**146**	**2**	**144**
Contributions by employer	-	154	(155)
As at March 31, 2021	**1,997**	**104**	**1,893**

Changes in the defined benefit obligation and fair value of plan assets for the year ended March 31, 2020:

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 01, 2019	**1,200**	**40**	**1,160**
Current Service cost	239	-	239
Net interest expense/(income)	81	3	78
Total amount recognised in statement of profit and loss	**320**	**3**	**317**
Benefits paid	**(119)**	**(119)**	**-**
Remeasurement			
Return on plan assets	-	(1)	1
Actuarial changes arising from changes in demographic assumptions	127	-	127
Actuarial changes arising from changes in financial assumptions	(118)	-	(118)
Experience adjustments	129	-	129
Total amount recognised in other comprehensive income	**138**	**(1)**	**139**
Contributions by employer	-	121	(121)
As at March 31, 2020	**1,539**	**44**	**1,495**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

The major categories of plan assets of the fair value of the total plan assets are as follows:

	March 31, 2021	March 31, 2020
Insurance fund	104	44
Total	**104**	**44**

The principal assumptions used in determining gratuity benefit obligations for the Group's plans are shown below:

	March 31, 2021	March 31, 2020
Discount rate	5.58%	5.76%
Expected return on plan assets	5.58%	5.76%
Future salary increases	11.00% p.a. for the next 1 year, 7.00% p.a. for the next 2 years, starting from the 2nd year 9.00 p.a. thereafter, starting from the 4th year	3.00% p.a. for the next 2 years, 6.00% p.a. for the next 2 years, starting from the 3rd year 9.00% p.a. thereafter, starting from the 5th year
Employee turnover	20.00%	19.70%
Mortality	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

A quantitative sensitivity analysis for significant assumptions are as shown below:

	Sensitivity Level	March 31, 2021		March 31, 2020	
		Defined benefit obligation on increase/decrease in assumptions			
		Increase	Decrease	Increase	Decrease
Discount rate	1% increase / decrease	(87)	96	(65)	71
Future salary increase	1% increase / decrease	91	(85)	70	(65)
Attrition rate	1% increase / decrease	(28)	30	(17)	18

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

The following payments are expected cash flows to the defined benefit plan in future years:

Expected contributions to defined benefits plan for the year ended March 31, 2021 is ₹ 240 lakhs (March 31, 2020: ₹ 899 lakhs). The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (March 31, 2020: 6 years). The expected maturity analysis of undiscounted gratuity is as follows:

	March 31, 2021	March 31, 2020
Within the next 12 months	294	250
Between 2 and 5 years	1,000	774
Between 6 and 10 years	751	571
Beyond 10 years	645	481

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

35 Fair value measurement

i) The carrying value of financial assets by categories is as follows:

	March 31, 2021	March 31, 2020
Measured at Fair Value Through Other Comprehensive Income (FVOCI)		
Foreign currency forward contracts	523	5
Interest rate swaps	-	14
Total financial assets measured at FVOCI	**523**	**19**
Measured at Fair Value Through Statement of Profit and Loss (FVTPL)		
Investment in mutual funds	39,148	8,337
Total financial assets measured at FVTPL	**39,148**	**8,337**
Measured at amortised cost		
Security deposits	1,147	803
Loans to employees	14	64
Other financial assets - others	8,036	4,919
Trade receivables	12,192	11,487
Bank and bank balance other than cash and cash equivalents	5,935	14,607
Cash and cash equivalents	8,583	4,353
Total financial assets measured at amortised cost	**35,907**	**36,233**
Total financial assets	**75,578**	**44,589**

ii) The carrying value of financial liabilities by categories is as follows:

	March 31, 2021	March 31, 2020
Measured at fair value through other profit or loss (FVTPL)		
Contingent consideration	3,731	-
Total financial liabilities measured at FVTPL	**3,731**	**-**
Measured at fair value through other comprehensive income (FVOCI)		
Foreign currency forward contracts	17	749
Total financial liabilities measured at FVOCI	**17**	**749**
Measured at amortised cost		
Foreign currency term loan	5,658	927
Lease liabilities	2,645	3,547
Bank overdraft and cash credit	10,972	6,916
Trade payables	4,101	3,442
Other financial liabilities	3,584	4,853
Total financial liabilities measured at amortised cost	**26,960**	**19,685**
Total financial liabilities	**26,977**	**20,434**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

iii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
	March 31, 2021			
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	523	-	523
Measured at fair value through statement of profit and loss (FVTPL)				
Investment in mutual funds	39,148	-	-	39,148
Total financial asset measured at fair value	**39,148**	**523**	**-**	**39,671**
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	17	-	17
Measured at fair value through statement of profit and loss (FVTPL)				
Contingent consideration	-	-	3,731	3,731
Total financial liabilities measured at fair value	**-**	**17**	**3,731**	**3,748**

	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
	March 31, 2020			
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	5	-	5
Interest rate Swaps	-	14	-	14
Measured at fair value through statement of profit and loss (FVTPL)				
Investment in mutual funds	8,337	-	-	8,337
Total financial asset measured at fair value	**8,337**	**19**	**-**	**8,356**
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	749	-	749
Total financial liabilities measured at fair value	**-**	**749**	**-**	**749**

Notes:

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

a) In respect of investments in mutual funds, the fair value represents net assets value (NAV) as stated by the fund house in their published statements.

b) The Group has entered into foreign currency forward contract to hedge the highly probable forecast transaction and interest rate swap to hedge the foreign currency term loan. The derivative financial instrument is entered with the financial institutions with investment grade ratings. Interest rate swaps and foreign exchange forward contracts are valued based on valuation models which include use of market observable inputs, the mark to market valuation is provided by the financial institution as at reporting date. The valuation of derivative contracts are categorised as level 2 in fair value hierarchy disclosure.

c) The management assessed that cash and cash equivalent, trade receivables, trade payables, other financial assets-others (current), other financial liability (current), bank overdraft and cash credit, lease liabilities (current) and loans to employees approximates their fair value largely due to short-term maturities of these instruments. Further the management also estimates that the carrying amount of foreign currency term loan at floating interest rates and fixed interest rates are the reasonable approximation of their fair value and the difference between carrying amount and their fair value is not significant.

d) The Group has value Warrant liability by using the discounted cash flow approach.

e) The fair value of remaining financial instruments are determined on transaction date based on discounted cash flows calculated using lending/ borrowing rate. Subsequently, these are carried at amortized cost. There is no significant change in fair value of such liabilities and assets.

For financial assets carried at fair value, their carrying amount are equal to their fair value.

Valuation Inputs and relationship to fair value

	Level 3 inputs	Weighted range	Sensitivity
	March 31, 2021		
Contingent consideration	Standard deviation on revenue and EBIDTA growth	5%	Increase and decrease in standard deviation by 1% would decrease contingent consideration by ₹ 177 lakhs and increase contingent consideration by ₹ 225 lakhs.
	Discount rate	3%	Increase and decrease in discount rate by 1% would decrease contingent consideration by ₹ 70 lakhs and increase contingent consideration by ₹ 72 lakhs.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

36 Financial risk management

The Group's principal financial liabilities comprise of borrowings, lease obligation, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include security deposits, investments, trade and other receivables and cash and cash equivalents that is derived directly from its operations. The Group also enters into derivative transactions for hedging purpose.

The Group's activities exposes it to market risk, liquidity risk and credit risk. The Group's risk management is carried out by the management under the policies approved of the Board of Directors that help in identification, measurement, mitigation and reporting all risks associated with the activities of the Group. These risks are identified on a continuous basis and assessed for the impact on the financial performance. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

1) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

i. Foreign currency risk

The group's operates in various geographies and is exposed to foreign exchange risk on its various currency exposures. The risk of changes in foreign exchange rates relates primarily to the group's operating activities.

The group uses foreign currency forward contract governed by its board approved policy to mitigate its foreign currency risk that are expected to occur within next 12 months period for forecasted sales. The counterparty for these contracts is generally a reputed scheduled bank. The group reports quarterly to a committee of the board, which monitors foreign exchange risks and policies implemented to manage its foreign exchange exposures.

When a derivative is entered into for the purpose of being a hedge, the group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable that is denominated in the foreign currency.

Hedge effectiveness is determined at inception and periodic prospective effectiveness testing is done to ensure the relationship exist between the hedged items and hedging instruments, including whether the hedging instruments is expected to offset changes in cash flows of hedge items.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

a) The Group's exposure in foreign currency at the end of reporting period :

Currency	Particulars	March 31, 2021		March 31, 2020	
		FC	₹	FC	₹
	Financial assets				
USD	Trade receivables	99	7,266	106	7,975
	Loans	*	4	1	58
	Other financial assets	59	4,282	44	3,322
	Bank accounts	32	2,316	24	1,811
	Derivative assets				
	Foreign exchange forward contracts#	(493)	(36,071)	(259)	(19,482)
	Net exposure on foreign currency risk (assets)	-	-	-	-
	Financial liability				
	Borrowings	228	16,673	104	7,854
	Trade payables	5	353	27	2,069
	Other financial liabilities	28	2,034	18	1,384
	Other liabilities	8	599	4	325
	Net exposure on foreign currency risk (liabilities)	**269**	**19,659**	**153**	**11,632**
	Net exposure on foreign currency risk (assets-liabilities)	**(269)**	**(19,659)**	**(153)**	**(11,632)**
EURO	Financial assets				
	Trade receivables	15	1,328	6	536
	Loans	-	-	-	-
	Other financial assets	2	131	3	256
	Bank accounts	-	18	3	290
	Derivative assets				
	Foreign exchange forward contracts#	(12)	(1,031)	(23)	(1,869)
	Net exposure on foreign currency risk (assets)	**5**	**446**	-	-
	Financial liability				
	Trade payables	*	(1)	*	(14)
	Other financial liabilities	-	-	-	-
	Other liabilities	-	16	-	14
	Net exposure on foreign currency risk (liabilities)	-	**15**	-	-
	Net exposure on foreign currency risk (assets-liabilities)	**5**	**431**	-	-

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Currency	Particulars	March 31, 2021		March 31, 2020	
		FC	₹	FC	₹
	Financial assets				
GBP	Trade receivables	8	771	5	481
	Loans	-	2	-	10
	Other financial assets	2	212	1	112
	Bank accounts	1	134	4	380
	Net exposure on foreign currency risk (assets)	**11**	**1,119**	**10**	**983**
	Financial liability				
	Trade payables	*	23	1	124
	Other financial liabilities	5	509	3	260
	Other liabilities	1	113	-	34
	Net exposure on foreign currency risk (liabilities)	**6**	**645**	**4**	**418**
	Net exposure on foreign currency risk (assets-liabilities)	**5**	**474**	**6**	**565**

Represents outstanding foreign currency forward contracts. The outstanding forward contracts as March 31, 2020 and March 31, 2021 are within the maturity period of 12 months.

* Represents number below rounding off norms of the Company.

b) The sensitivity of profit or loss to changes in foreign exchange rates arising mainly from foreign currency denominated financial instrument:

	Impact on profit before tax	
	March 31, 2021	March 31, 2020
USD sensitivity		
₹/ USD increases by 5%	(983)	(582)
₹/ USD decreases by 5%	983	582
EURO sensitivity		
₹/ EURO increases by 5%	22	-
₹/ EURO decreases by 5%	(22)	-
GBP sensitivity		
₹/ GBP increases by 5%	24	28
₹/ GBP decreases by 5%	(24)	(28)

* Sensitivity is calculated holding all other variables constant

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

ii. Interest rate risk

The Group is not exposed to interest rate risk as at March 31, 2021 since all its financial assets or liabilities are either non-interest bearing or are at fixed interest rate and are carried at amortised cost.

The Group was exposed to the risk of changes in market interest rates relating primarily to the Group's foreign currency term loan obtained from RBL at floating interest of 6m Libor + 3.1%. To manage the risk the Group has entered into a interest rate swap, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts as per contractual arrangement. The loan was fully repaid during the year ended March 31, 2021.

All Other financial assets or liabilities were either non-interest bearing or are at a fixed interest rate and carried at amortised cost. Thus, the Company didn't foresee any interest rate risk on these items.

There is an economic relationship between the hedged item and the hedging instrument as the critical terms of the interest rate swap match with the terms of the designated hedge item i.e. foreign currency loan from RBL Bank. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. Considering the critical terms are identical and have economic relationship between hedge instrument and hedge item, the hedge is considered as effective.

iii. Price risk

The Group exposure to price risk arises for investment in mutual funds held by the Group. To manage its price risk arising from investments in mutual funds, the Group diversifies its portfolio.

Sensitivity:

The sensitivity of profit or loss to change in Net assets value(NAV) as at year end for investment in mutual funds.

	Impact on profit before tax	
	March 31, 2021	March 31, 2020
NAV increases by 5%	1,957	417
NAV decreases by 5%	(1,957)	(417)

Impact of Hedge activities

(a) The following provides the details of hedging instrument and its impact on balance sheet

	March 31, 2021				
	Currency	Nominal value (Foreign Currency)	Amount in ₹	Lime item in the balance sheet	Fair value*
Cash flow hedge					
Foreign currency risk					
(for highly probable forecast transactions)					
- Foreign currency forward contracts	₹/USD	493	37,248	Other financial assets/(liabilities)	457
- Foreign currency forward contracts	₹/EURO	12	1,096	Other financial assets/(liabilities)	49

* represents the impact of mark to market value at year end.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

	March 31, 2020				
	Currency	Nominal value (Foreign Currency)	Amount in ₹	Lime item in the balance sheet	Fair value*
Cash flow hedge					
Foreign currency risk					
(for highly probable forecast transactions)					
- Foreign currency forward contracts	₹/USD	259	19,128	Other financial assets/(liabilities)	(728)
- Foreign currency forward contracts	₹/EURO	23	1,884	Other financial assets/(liabilities)	(16)

	March 31, 2020			
	Currency	Nominal value (Foreign Currency)	Lime item in the balance sheet	Fair value*
Interest rate risk				
- Interest rate swaps (for variable interest rate risk on RBL Loan)	USD	12	Other financial assets	14

* represents the impact of mark to market value at year end.

(b) The effect of cash flow hedge in hedge reserve and statement of profit and loss:

	Highly probable forecast sales	Interest rate swaps	Total
Balance as at April 1, 2019	**221**	**16**	**237**
Hedge gain/(loss) recognised in Other Comprehensive Income (OCI)	(1,190)	(14)	(1,204)
Amount reclassified to from OCI to statement of profit and loss	225	12	237
Balance as at March 31, 2020	**(744)**	**14**	**(730)**
Hedge gain/(loss) recognised in Other Comprehensive Income (OCI)	912	(31)	881
Amount reclassified to from OCI to statement of profit and loss	338	17	355
Income tax effect	(127)	-	(127)
Balance as at March 31, 2021	**379**	**-**	**379**

Reclassification for foreign currency forward contracts is recognised in foreign exchange gain or loss in Statement of Profit and Loss.

Reclassification for interest rate swaps is recognised in interest expense in Statement of Profit and Loss.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

2. Credit risk

Credit risk is the risk that counter party will not meet its obligations under a financial instruments or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities and from investing activities (primarily deposits with banks and investments in mutual funds).

(i) Trade receivables

Trade receivables are typically unsecured and derived from revenue from contracts with customers. Customer credit risks is managed by each business units subject to Group's policy and procedures which involves credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credits in the normal course of business. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. Under the simplified approach, the Group does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime Expected Credit Losses (ECLs) at each reporting date, right from initial recognition. The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix takes into account available external and internal credit risk factors and the Group's historical experience with customers. Ageing of trade receivables and the provision in books for trade receivables:

	Current	1-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
As at March 31, 2021							
Trade receivables	9,201	3,004	756	153	129	350	13,593
Allowance for expected loss	(518)	(123)	(223)	(136)	(95)	(306)	(1,401)
Net Trade receivables	**8,683**	**2,881**	**533**	**17**	**34**	**44**	**12,192**
As at March 31, 2020							
Trade receivables	8,202	3,332	474	325	104	1,845	14,282
Allowance for expected loss	(332)	(101)	(134)	(281)	(102)	(1,845)	(2,795)
Net Trade receivables	**7,870**	**3,231**	**340**	**44**	**2**	**-**	**11,487**

Reconciliation of loss allowance	March 31, 2021	March 31, 2020
Opening balance as at April, 1	(2,795)	(2,065)
Allowance made during the year (net)	(980)	(706)
Allowance reversed/ written back during the year	279	-
Utilised during the year	2,096	-
Exchange difference	(1)	(24)
Closing balance as at March, 31	**(1,401)**	**(2,795)**

(ii) Other financial assets and cash deposit

Credit risk from balances with the banks, loans, investments in mutual funds and other financial assets are managed by the Group based on the Group policy and is managed by the Group's Treasury Team. Investment of surplus fund is made only with approved counterparties. The Group's maximum exposure to credit risk is the carrying amount of such assets as disclosed in note 35 above.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Reconciliation of loss allowance	March 31, 2021	March 31, 2020
Opening balance as at April, 1	(602)	(506)
Allowance made during the year	(41)	(56)
Allowance reversed/ written back during the year	510	1
Exchange difference	-	(41)
Closing balance as at March, 31	**(133)**	**(602)**

3. Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective it to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its position and maintains adequate source of financing.

The Group has access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2021	March 31, 2020
RBL Bank Limited	14	140
Kotak Mahindra Bank Limited	300	1,937
HDFC Bank Limited	1,000	-
Federal Bank Limited	1,500	-
ICICI Bank Limited	2,800	-
	5,614	**2,077**

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

Particulars	On demand	Less than 1 year	More than 1 year	Total
As at March 31, 2021				
Borrowings (including current maturities)	10,972	2,012	3,689	16,673
Lease liabilities	-	1,600	1,328	2,928
Trade payables	-	4,101	-	4,101
Foreign currency forward contracts	-	17	-	17
Other current financial liabilities #	-	3,752	123	3,875
	10,972	**11,482**	**5,140**	**27,594**
As at March 31, 2020				
Borrowings (including current maturities)	6,916	804	134	7,854
Lease liabilities	-	2,097	1,898	3,995
Trade payables	-	3,442	-	3,442
Foreign currency forward contracts	-	749	-	749
Other current financial liabilities #	-	4,889	1	4,890
	6,916	**11,981**	**2,033**	**20,930**

Includes future interest payable on outstanding borrowings

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

37 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, convertible preference shares, securities premium and all other equity reserves. The primary objective of the Group's capital management is to maintain a strong capital base to ensure sustained growth in business and to maximize the shareholders value. The capital management focuses to maintain an optimal structure that balances growth and maximizes shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents. The Group's gearing ratio, which is net debt divided by total capital plus net debt is as below:

Particulars	March 31, 2021	March 31, 2020
Borrowings (including current maturities)	16,630	7,843
Less : Cash and cash equivalents	(8,583)	(4,353)
Net (cash and cash equivalents)/debt (A)	**8,047**	**3,490**
Equity	54,599	26,531
Total equity capital (B)	**54,599**	**26,531**
Total debt and equity (C)=(A)+(B)	**62,646**	**30,021**
Gearing ratio (A)/(C)	**13%**	**12%**

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2021 and March 31, 2020.

During the year the group has not defaulted in any loan covenants.

38 Related Party Disclosure

Key management personnel (KMP)	1. Mr. Ashok Soota (Executive Chairman)
	2. Mr. Venkatraman N (Managing Director - w.e.f November 4, 2020 and CFO)
	3. Mr. Girish Paranjpe (Independent director) (till March 10, 2020)
	4. Mr. Avneet Singh Kochar (Non executive director) (till November 4, 2020)
	5. Mr. Joseph Vinod Anantharaju (Director) (w.e.f November 4, 2020)
	6. Mr. Praveen Darashankar (Company Secretary)
	7. Mrs. Anita Ramachandran (Independent director) (w.e.f June 04, 2020)
	8. Mr. Rajendra Kumar Srivastava (Independent director) (w.e.f June 04,2020)
	9. Mrs. Shubha Rao Mayya (Independent director) (w.e.f June 04,2020)
Entity having significant influence over the reporting entity	CMDB II (till September 7, 2020)
Relatives of KMP	1. Mr. Suresh Soota
	2. Mr. Deepak Soota
	3. Ms. Kunku Soota
	4. Mrs. Usha Samuel
Post employment benefit plan (PEBP)	Happiest Minds Technologies Pvt. Ltd. Employees group gratuity trust

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

a) The following table is the summary of significant transactions with related parties by the Group:

		March 31, 2021	March 31, 2020
(i)	**Director's sitting fees:**		
	Mr. Girish Paranjape (last date 10th March 2020)	-	9
	Mrs. Anita Ramachandran	21	-
	Mr. Rajendra Kumar Srivastava	14	-
	Mrs. Subha Rao Mayya	21	-
(ii)	**Commission to directors:**		
	Mrs. Anita Ramachandran	4	-
	Mr. Rajendra Kumar Srivastava	16	-
	Mrs. Subha Rao Mayya	4	-
(iii)	**Contribution made to post employee benefit plan:**		
	Happiest Minds Technologies Pvt. Ltd. Employees group gratuity trust	154	121
(iv)	**Managerial remuneration*:**		
	Mr. Venkatraman N		
	Salary, wages and bonus	112	107
	Employee stock compensation expense	7	10
	Mr. Ashok Soota		
	Salary, wages and bonus	128	128
	Mr. Praveen Darashankar		
	Salary, wages and bonus	43	41
	Employee stock compensation expense	1	2
	Mr. Joseph Vinod Anantharaju		
	Salary, wages and bonus	128	-
	Employee stock compensation expense	12	-
v)	**Reimbursement of expenses#:**		
	Mr. Ashok Soota	703	-
	CMBD II	2,276	-

Represents share issue expense incurred by the Company on behalf of the selling shareholders which was subsequently reimbursed.

*As the liability for gratuity and compensated leave absences is provided on an actuarial basis for the Group as a whole, the amount pertaining to the directors are not included above.

vi) Details of CCPS converted:

March 31, 2021				
Date of resolution	Name of related party	No of CCPS converted	No of equity shares	Amount
May 13, 2020	Mr. Ashok Soota	3,58,728	5,84,72,664	2,339
July 10, 2020	Mr. Ashok Soota	1,129	1,84,027	7
July 10, 2020	Mr. Venkatraman N	2,099	3,42,137	14
July 10, 2020	CMDB II	1,67,173	2,72,49,199	1,090
July 10, 2020	Mr. Suresh Soota	193	31,459	1
July 10, 2020	Mr. Deepak Soota	301	49,063	2
July 10, 2020	Ms. Kunku Soota	260	42,380	2
July 10, 2020	Mrs. Usha Samuel	482	78,566	3

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

March 31, 2020				
Date of resolution	Name of related party	No of CCPS converted	No of equity shares	Amount
March 16, 2020	Mr. Ashok Soota	75,000	1,22,25,000	489

b) The balances receivable from and payable to related parties are as follows :

		March 31, 2021	March 31, 2020
(i)	**Provision for commission expense**		
	Mrs. Anita Ramachandran	4	-
	Mr. Rajendra Kumar Srivastava	16	-
	Mrs. Subha Rao Mayya	4	-

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

39 Corporate Social Responsibility ('CSR') expenditure

Details of CSR expenditure are as follows:

		March 31, 2021	March 31, 2020
(a)	Gross amount required to be spent by the Group during the year	64	5
(b)	Amount approved by the board to be spent during the year	75	21

(c)	Amount spent during the year ending on March 31, 2021 :	In cash	Yet to be paid in cash	Total
i)	Construction/ Acquisition of any asset	-	-	**-**
ii)	On purpose other than (i) above	75	-	**75**

(d)	Amount spent during the year ending on March 31, 2020 :	In cash	Yet to be paid in cash	Total
i)	Construction/ Acquisition of any asset	-	-	**-**
ii)	On purpose other than (i) above	21	-	**21**

(e)	Details related to spent/ unspent obligations:	March 31, 2021	March 31, 2020
i)	Contribution to Public Trust	-	-
ii)	Contribution to Charitable Trust	75	21
ii)	Unspent amount in relation to:		
	- Ongoing project	-	-
	- Other than ongoing project	-	-
		75	**21**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Details of ongoing project and other than ongoing project

In case of S. 135(6) (Ongoing Project)						
Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing balance	
With Company	In Separate CSR unspent A/c		From Company's bank A/c	From separate CSR unspent A/c	With Company	In separate CSR unspent A/c
-	-	-	-	-	-	-

In case of S. 135(5) (Other than ongoing Project)				
Opening balance	Amount deposited in specified fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	-	64	75	-

In case of S. 135(5) Excess amount spent			
Opening balance	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	64	75	(11)

40 Interest in other entities

a) Subsidiary

The Group's subsidiary is set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group and proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business:

i) Capital Commitments

Name of entity	Principle activity	Country of Incorporation	Ownership interest held by the group %	Ownership interest held by the group %
			March 31, 2021	March 31, 2020
Happiest Minds Technologies LLC*	IT Services	USA	Nil	100
Happiest Minds Inc. (formerly known as PGS Inc.) #	IT Services	USA	100	Nil

* Liquidated on June, 2020. Refer note 45

Refer note 44

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

b) Additional information, as required under schedule III of the Companies Act, 2013, as required enterprises considered as subsidiary.

Particular	March 31, 2021							
	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of Consolidated net assets	Amount	As a % of Consolidated profit or loss	Amount	As a % of Consolidated OCI	Amount	As a % of Consolidated TCI	Amount
Parent company								
Happiest Minds Technologies Ltd	100.1%	54,667	99.7%	16,193	97.8%	1,000	99.6%	17,193
Subsidiary								
Happiest Minds Technologies LLC	0.0%	-	0.5%	79	0.0%	-	0.5%	79
Happiest Minds Inc. (formerly PGS Inc.)	0.8%	425	0.3%	54	0.0%	-	0.3%	54
Other adjustments:	(0.9%)	(493)	(0.5%)	(80)	2.2%	23	(0.3%)	(57)
Total	**100%**	**54,599**	**100%**	**16,246**	**100%**	**1,023**	**100%**	**17,269**

Particular	March 31, 2020							
	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of Consolidated net assets	Amount	As a % of Consolidated profit or loss	Amount	As a % of Consolidated OCI	Amount	As a % of Consolidated TCI	Amount
Parent company								
Happiest Minds Technologies Ltd	100.1%	26,561	102.4%	7,343	98.9%	(1,106)	103.0%	6,237
Subsidiary								
Happiest Minds Technologies LLC	(0.3%)	(83)	(0.6%)	(40)	0.0%	-	(0.7%)	(40)
Other adjustments:	0.2%	53	(1.8%)	(132)	1.1%	(12)	(2.4%)	(144)
Total	**100%**	**26,531**	**100%**	**7,171**	**100%**	**(1,118)**	**100%**	**6,053**

41 Commitments and Contingent Liabilities

		March 31, 2021	March 31, 2020
i)	**Capital Commitments**		
	Capital commitments towards purchase of capital assets	152	72
ii)	**Contingent liabilities**		
	Guarantees given by banks on behalf of the Group for contractual obligations of the Group	1,289	1,007

iii) Other claims against Group not provided for in books

a) Compounding and Settlement Applications file by the Parent Company:

A compounding application has been filed by the Company before the National Company Law Tribunal (NCLT) and Registrar of Companies, Bombay ("RoC"), in relation to allotments of Equity Shares made by the Company during year ended March 31, 2013 and 2014 under ESOP Scheme 2011 and ESOP Scheme 2011 USA, where certain allotments were made in contravention of Section 67(3) of the Companies Act, 1956.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

The Board, vide a resolution passed at its meeting held on August 4, 2020 voluntarily decided to provide an exit offer to the shareholders. Upon completion of the exit offer, the Company has filed a compounding application with the RoC (which will be forwarded to the National Company Law Tribunal, Bengaluru bench upon approval) and a settlement application with SEBI. The matter is currently pending before NCLT and SEBI. Further, the Company has filed the settlement application before SEBI.

The management is confident that there will not be any material financial implications and accordingly no adjustment are made in the financial statements.

b) With respect to the License Agreement entered in June 2018 between the Company and a customer, for providing software services, the customer terminated the agreement claiming non-satisfactory delivery of services and damages of ₹ 623 lakhs. The customer has also initiated arbitration proceedings which the Company is currently contesting and is of the view that claim is not tenable and accordingly no adjustments are made in the financial statements.

c) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution, the Group has taken cognizance of the matter on a prospective basis from the date of the SC order. The Group will update its provision, if any, required, on receiving further clarity on the subject.

42 Segment Information

A. Description of segments and principal activities

The Group executive management committee examines the Group's performance on the basis of its business units and has identified three reportable segments:

i) Infrastructure Management & Security Services (IMSS):

Infrastructure Management and Security Solutions (IMSS) group delivers integrated end-to-end infrastructure and security solutions with specialization in cloud, virtualization and mobility across a multitude of industry verticals and geographies. The group provides advisory, transformation, managed & hosted services and secure intelligence solutions to clients. This group has unique productized solution platforms for smart infrastructure and security solutions provides quick to deploy, mature service delivery over Global SOC/NOC.

ii) Digital Business Solutions (DBS):

Digital Business Solutions group delivers enterprise applications and customised solutions that enable organizations to be smarter and accelerate business transformations. The group provides advisory, design & architecture, custom-app development, package implementation, testing and on-going support services to IT initiatives. The business drivers for these applications are: increasing market share, enhancing customer engagement, improving agility and efficiency of internal operations, reducing cost, driving differentiation and standardizing business processes.

iii) Product Engineering Services (PES):

Product Engineering Services group assists software product companies in building robust products and services that integrate mobile, cloud and social technologies. The group helps clients understand the impact of new technologies and incorporate these technologies into their product roadmap. This group focuses on technology depth, innovation and solution accelerators allows us to deliver time-to-market, growth and cost benefits to clients.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

B. Segment revenue, segment results other information as at/ for the year:

Year ended March 31, 2021	IMSS	DBS	PES	Total
Revenue from contracts with customers				
External customers	16,421	21,288	39,632	77,341
Inter-segment	-	-	-	-
Segment revenue	**16,421**	**21,288**	**39,632**	**77,341**
Segment results	**3,967**	**7,106**	**15,924**	**26,997**
Reconciliation to profit after tax:				
Interest income				838
Net gain on investments carried at Fair value through profit or loss				855
Other unallocable income				647
Unallocable finance cost				(690)
Unallocable depreciation and amortisation expenses				(2,198)
Other unallocable expenses				(7,847)
Tax				(2,356)
Profit for the year				**16,246**
Segment assets	4,282	5,741	8,284	18,307
Reconciliation to total assets:				
Investments				39,148
Derivative instruments				523
Other unallocable assets				34,217
Total				**92,195**
Segment liability	396	1,874	1,174	3,444
Reconciliation to total liabilities:				
Borrowings				16,630
Other unallocable liabilities				17,522
Total				**37,596**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Year ended March 31, 2020	IMSS	DBS	PES	Total
Revenue from contracts with customers				
External customers	15,361	19,167	35,293	69,821
Inter-segment	-	-	-	-
Segment revenue	**15,361**	**19,167**	**35,293**	**69,821**
Segment results	**2,961**	**3,724**	**11,860**	**18,545**
Reconciliation to profit after tax:				
Interest income				465
Net gain on investments carried at Fair value through profit or loss				576
Other unallocable income				560
Unallocable finance cost				(802)
Unallocable depreciation and amortisation cost				(2,023)
Impairment of goodwill				(1,126)
Other unallocable expenses				(8,973)
Re-measurement gains/ (losses) on defined benefit plans (Moved to OCI)				139
Tax				(190)
Profit for the year				**7,171**
Segment assets	4,207	4,216	7,841	16,264
Reconciliation to total assets:				
Investments				8,337
Derivative instruments				19
Other unallocable assets				26,195
Total				**50,815**
Segment liability	594	1,029	675	2,298
Reconciliation to total liabilities:				
Borrowings				7,843
Other unallocable liabilities				14,143
Total				**24,284**

Note

(i) Assets (other than accounts receivable and unbilled revenue) and liabilities (other than unearned revenue) of the Group are used interchangeably between segments, and the management believes that it can not be allocated to specific segment.

(ii) The expense / income that are not directly attributable and that cannot be allocated to a business segment on a reasonable basis are shown as unallocable expenses

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

C. Entity-wide disclosures

i) The amount of revenue from external customers broken down by location of customers is shown below:

	For the year ended	
	March 31, 2021	March 31, 2020
India	10,464	8,334
USA	56,517	54,128
UK	7,611	5,002
Others	2,749	2,357
	77,341	**69,821**

ii) The break-up of non-current assets by location of assets is shown below:

	As at	
	March 31, 2021	March 31, 2020
India	2,902	3,788
USA	9,940	9
UK	1	-
	12,843	**3,797**

Non-current assets for this purpose consists of Property, plant and equipment and intangible assets

iii) Revenue from customers of the Group which is individually more than 10 percent of the Group's total revenue:

	For the year ended	
	March 31, 2021	March 31, 2020
One customer	14.52%	12.16%

43 Share based payments

Employee Share Option Plan (ESOP)

The Parent Company instituted the Employee Share Option Plan 2011 ("ESOP 2011") and Equity Incentive Plan 2011 ("EIP 2011") for eligible employees during the year ended March 2012 which was approved by the Board of Directors (Board) on October 18, 2011 and January 19, 2012 duly amended by the Board on January 22, 2015.

Besides the above plan, the Parent Company has also instituted Employee Share Option Plan 2014 ("ESOP 2014") duly approved by the Board on October 20, 2014 and by the shareholders on January 22, 2015. The Parent Company has also instituted Employee Share Option Plan 2015 ("ESOP 2015") duly approved by the Board on June 30, 2015 and by the shareholders on July 22, 2015. During year ended 2018, the Parent Company has amended ESOP 2014 and all options granted under ESOP 2014 be deemed to be granted under ESOP 2011 duly approved by the Board on October 25, 2017. The plans are separate for USA employees (working out of the United States America - "USA") and employees working outside USA. The Parent Company administers these plans.

On April 29, 2020 the Board of the Parent Company approved Happiest Minds Employee Stock Option Scheme 2020 ("ESOP 2020") consisting of 70,00,000 equity shares. The Parent Company will henceforth issue grants under the ESOP 2020 only.

The contractual term of each option granted is 5-8 years.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Key features of these plans are provided in the below table:

Key Terms	ESOP 2011	ESOP 2014 / EIP 2011 for US Employees	ESOP 2015 / EIP 2011 for US Employees	ESOP 2020
Class of Share	Equity Shares (as amended vide board meeting held on April 26, 2017 and Annual general meeting held on July 31, 2017).	Pursuant to conversion of Class B Non-voting Equity Shares (entitled under ESOP 2014) to Equity shares (as amended vide board meeting held on April 26, 2017 and Annual general meeting held on July 31, 2017), the Board of Directors at its meeting held on October 25, 2017 approved the administration of options granted and shares allotted under erstwhile ESOP 2014 to ESOP 2011.	Equity Shares (as amended vide board meeting held on April 26, 2017 and Annual general meeting held on July 31, 2017).	Equity Shares (as amended vide board meeting held on April 29, 2020 and extra ordinary general meeting held on May 13, 2020).
Ownership	Legal Ownership	Legal ownership	Legal Ownership	Legal Ownership
Vesting Pattern	Four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1,2,3 and 4 years respectively from the date of grant and become fully exercisable, subject to employee being in the employment of the Parent Company.			
Exercise Price	Exercisable at an exercise price of ₹ 2, ₹ 3, ₹ 5 and ₹ 6 per option.	Exercisable at an exercise price of ₹ 2 and ₹ 6 per option.	Exercisable at an exercise price of ₹ 2, ₹ 6.25, ₹ 9.50, ₹ 11.50 and ₹ 26 per option.	No grant has been made under this scheme
Economic Benefits / Voting Rights	The holders of the equity shares will be entitled to the economic benefits of holding these shares only after the completion of the various vesting terms mentioned above and shall acquire voting rights as a shareholder of the Parent Company as duly approved by the shareholders at the meeting held on July 31, 2017.			

	For the year ended	
	March 31, 2021	March 31, 2020
Employee stock compensation expense	297	266

Movements during the year

The following table illustrates the number and weighted average exercise price of share options during the year.

March 31, 2021

Options - India/UK Plan	Employee Stock Ownership Plan 2011		Employee Stock Ownership Plan 2015	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	2,41,788	5.86	50,28,066	24.59
Granted during the year	-	-	37,000	26.00
Exercised during the year	(92,170)	5.77	(5,74,205)	18.95
Forfeited during the year	(21,750)	5.56	(5,25,482)	25.37
Outstanding options as at the end of the year	1,27,868	5.98	39,65,379	25.31
Weighted Average Remaining Contractual Life	0.18 years		5.07 years	

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Options - USA Plan	Equity Incentive Plan for US Employees-2011		Equity Incentive Plan for US Employees-2011	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	20,000	6.00	56,375	24.41
Granted during the year	-	-	-	-
Exercised during the year	-	-	(6,905)	26.00
Forfeited during the year	-	-	-	-
Outstanding options as at the end of the year	20,000	6.00	49,470	24.18
Weighted Average Remaining Contractual Life	0.8 years		3.73 years	

March 31, 2020

Options - India/UK Plan	Employee Stock Ownership Plan 2011		Employee Stock Ownership Plan 2015	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	3,44,636	5.57	34,67,500	23.23
Granted during the year	-	-	40,68,591	26.00
Exercised during the year	(59,708)	4.05	(16,33,012)	25.41
Forfeited during the year	(43,140)	6.05	(8,75,013)	24.23
Outstanding options as at the end of the year	2,41,788	5.86	50,28,066	24.59
Weighted Average Remaining Contractual Life	1.35 years		5.91 years	

Options - USA Plan	Equity Incentive Plan for US Employees-2011		Equity Incentive Plan for US Employees-2011	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	49,500	5.24	3,32,500	25.73
Granted during the year	-	-	4,00,000	26.00
Exercised during the year	(29,500)	4.73	(6,21,950)	26.00
Forfeited during the year	-	-	(54,175)	26.00
Outstanding options as at the end of the year	20,000	6.00	56,375	24.41
Weighted Average Remaining Contractual Life	1.80 years		4.91 years	

*Weighted Average Exercise Price

The weighted average fair value of the options granted during the year is ₹ 12.23 (March 31, 2020 - ₹ 12.64)

The weighted average share price during the year is ₹ 372.61 (March 31, 2020 - ₹ 20.98)

Exercisable options as at March 31, 2021 - 7,77,628 options (March 31, 2020 - 4,93,423 options) and weighted average exercise price - ₹ 18.59 (March 31, 2020 - ₹ 13.28)

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2021	March 31, 2020
Expected dividend yield	0.00%	0.00%
Expected Annual Volatility of Shares	50.00%	50.00%
Risk-free interest rate (%)	6.98%	7.43%-6.86%
Exercise price (₹)	26.00	26.00
Expected life of the options granted (in years)	3-6 years	3-6 years

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

44 Business acquisitions

On January 27, 2021, the Company signed definitive agreements acquiring 100% voting interest in PGS Inc., a US based end-to-end digital e-commerce solutions company, from Moonscape Inc., USA (parent company of PGS Inc.) for total computed/recorded consideration of US $ 13.31 million (approximately ₹ 9,720 lakhs), comprising cash consideration of US $ 8.25 million (approximately ₹ 6,025 lakhs) and fair-valued contingent consideration in the form of warrants of US $ 5.06 million (approximately ₹ 3,696 lakhs) over the next three years, to be settled by PGS Inc. to Moonscape Inc. with the backing by Company, of the warrant liability settlement, subject to achievement of set targets for respective years. The excess of purchase consideration recorded/paid over fair value of net assets and intangible assets acquired has been attributed to goodwill amounting to ₹ 7,020 lakhs. The acquisition is expected to strengthen Company's digital e-commerce solutions to its customers looking for online offering of their products/services.

The following table presents the purchase consideration, fair value of assets and liabilities acquired and goodwill recognised on the date of control.

Details of Fair value recognised on acquisition:

	Amount (lakhs)
Intangible assets	3,107
Trade receivables	1,451
Cash and cash equivalent	1,298
Other Financial liabilities	(424)
Other current liabilities	(290)
Contract liability	(297)
Trade payables	(1,368)
Deferred tax liability on intangible assets	(777)
Total fair value of net assets acquired (A)	**2,700**
Fair value of purchase consideration (B)	9,720
Goodwill arising on acquisition (C)- (A-B)	**7,020**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

The goodwill of ₹ 7,022 lakhs comprises the value of expected synergies arising from the acquisition which is not separately recognised. Refer note 4

	Amount (lakhs)
Purchase consideration	
Cash consideration	6,025
Contingent consideration	3,695
Total purchase consideration	**9,720**

Transaction costs relating to acquisition have been expensed and are included in other expenses.

Revenue and profit contribution:

The acquired business contributed revenues of ₹ 1,955 and incurred net profit of ₹ 18 to the Group post its acquisition.

If the acquisition had occurred on April 1, 2020, consolidated pro-forma revenue would have been USD 8,339 and net profit of ₹ 193 respectively. These amounts have been calculated using the subsidiary's financial statements and adjusting them for:

a) differences in the accounting policies between the Group and the subsidiary, and

b) the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from April 1, 2020, together with the consequential tax effects.

45 Discontinued operations - Liquidation of subsidiary

The Company in its Board Meeting on March 16, 2020 passed a resolution to voluntarily dissolve and wind up the operation of its subsidiary, i.e. Happiest Minds Technologies LLC, USA. Pursuant to such resolution, the Company had filed a request for termination of the aforesaid subsidiary and received a certificate from the Office of Secretary of State approving such winding up on June 1, 2020 and consequent to such approval the Company has liquidated its subsidiary. Pursuant to such liquidation, the Company has de-recognised the assets and liabilities and recognised a gain of ₹ 82 lakhs (refer note 26) including foreign currency translation reserve balance that has been reclassified as gain on liquidation of subsidiary under other income in Statement of Profit and Loss on such liquidation.

The operation of the aforesaid subsidiary is not material to the Group. Hence, the Group has disclosed the results and financial position of such subsidiary via this note. All other notes and disclosure given in the Consolidated Financial Statements includes the financial effect of the subsidiary operations and financial positions. The carrying amount of assets and liabilities in these Consolidated Financial Statements include approximates the fair value.

The results of Happiest Minds Technologies LLC, USA for the year are presented below:

	March 31, 2021	March 31, 2020
Other income	80	3
	80	**3**
Other expense	1	40
Finance cost	-	3
	1	**43**
Profit /(loss) before tax	**79**	**(40)**
Tax expense	-	-
Profit /(loss) after tax from discontinued operations	**79**	**(40)**

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

The major class of assets and liabilities of Happiest Minds Technologies LLC, USA as at March 31, 2021 and March 31, 2020 are as follows:

	March 31, 2021	March 31, 2020
Assets		
Property, plant and equipment	-	-
Cash and cash equivalent	-	3
	-	**3**
Liabilities		
Lease liabilities	-	4
Financial liabilities	-	52
Current liabilities	-	51
Trade payables	-	(21)
	-	**86**

46 The Board of Directors of the Parent Company at their meeting held on May 12, 2021 recommended the payout of a final dividend of ₹ 3/- per equity share of face value ₹ 2/- each for the financial year ended March 31, 2021 . This recommendation is subject to approval of shareholders at the 10th Annual General Meeting of the Group scheduled to be held on July 7, 2021.

47 The Parent Company has completed its Initial Public Offering (IPO) of 4,22,90,091 equity shares of face value of ₹ 2/- each for cash at an issue price of ₹ 166/- per equity share aggregating to ₹ 70,202 lakhs, consisting fresh issue of 66,26,506 equity shares aggregating to ₹ 11,000 lakhs and an offer for sale of 3,56,63,585 equity shares aggregating to ₹ 59,202 lakhs by the selling shareholders. The equity shares of the Parent Company were listed on BSE Limited and National Stock Exchange of India Limited on September 17, 2020.

The utilisation of IPO proceeds is summarised below:

Particulars	Objects of the issue as per prospectus	Utilisation up to March 31, 2021	Unutilised amounts as on March 31, 2021
To meet long term working capital requirements	10,464	10,464	-
General corporate purposes	80	80	-
Net utilisation	**10,544**	**10,544**	**-**

*As per the Prospectus, the Parent Company had estimated ₹ 300 lakhs to be utilised for general corporate purpose. However, during the quarter ended March 31, 2021, the Parent Company has utilised only ₹ 80 lakhs and the differential was utilised for working capital requirement.

48 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period in which the Code becomes effective.

49 The full impact of COVID-19 still remains uncertain and could be different from the estimates considered while preparing these Consolidated Financial Statements. The Group will continue to closely monitor any material changes to future economic conditions.

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

50 The Company maintains the information and documents as required under the transfer pricing regulations under Section 92-92F of the Income Tax Act, 1961. The management is in the process of updating the transfer pricing documentation for the financial year 2020 - 2021 and is of the view that its transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

51 Previous year's figures have been regrouped/ reclassified wherever necessary to conform with current year classification.

As per our report of even date
for **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm's Registration Number : 101049W/E300004

per **Sumit Mehra**
Partner
Membership no.: 096547
Place: Bengaluru, India
Date: May 12, 2021

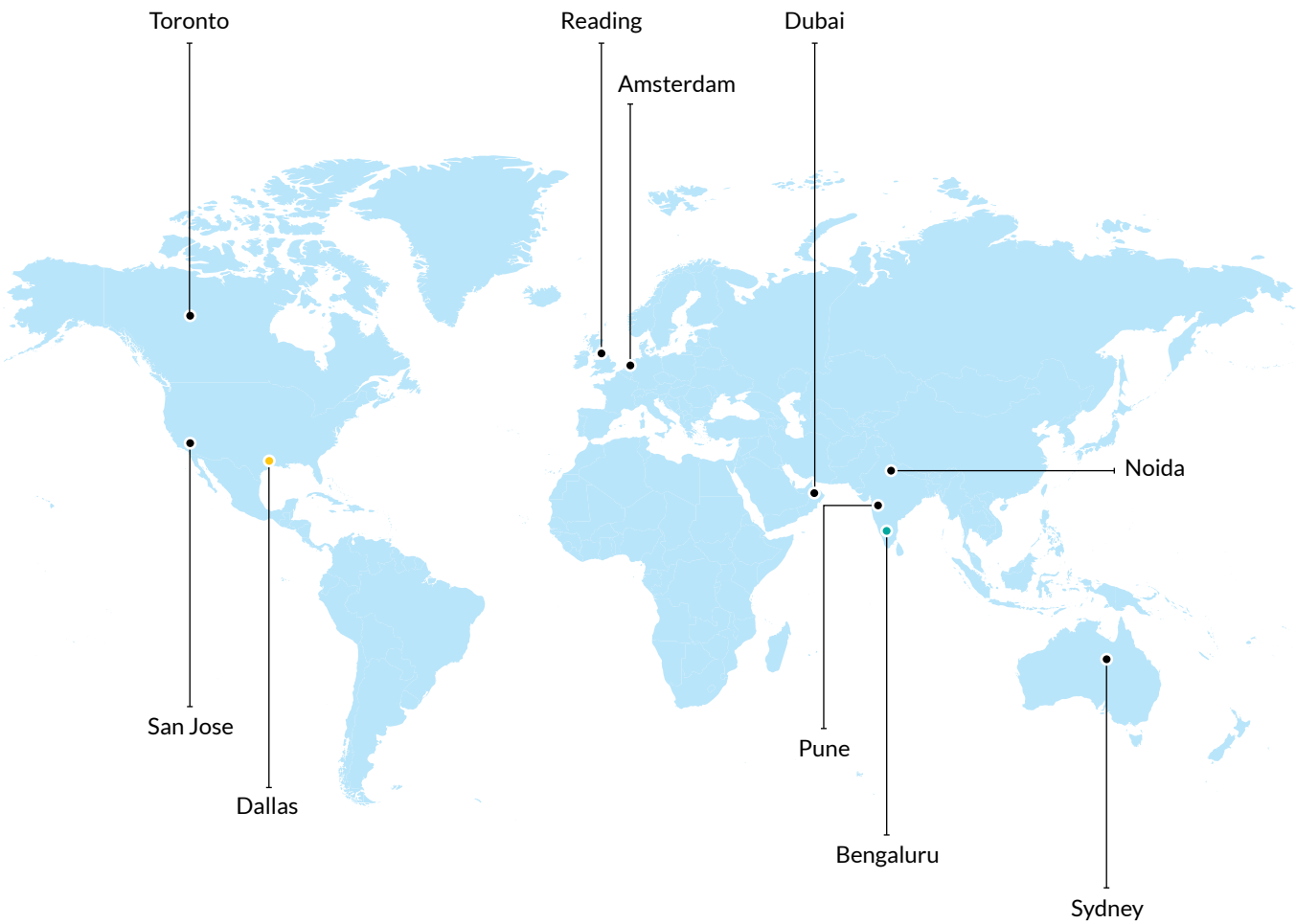
for and on behalf of the Board of Directors:
Happiest Minds Technologies Limited
CIN : L72900KA2011PLC057931

Ashok Soota
Executive Chairman
DIN : 00145962
Place: Bengaluru, India
Date: May 12, 2021

Venkatraman Narayanan
Managing Director &
Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: May 12, 2021

Praveen Darashankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: May 12, 2021

Our Business Presence



Subsidiary

Registered & Corporate Office

Offices

Map not to scale

happiest minds

The Mindful IT Company

Born **Digital** . Born **Agile**

#53/1-4, Hosur Main Road, Madivala (Next to Madivala Police Station)
Bangalore-560068, Karnataka, India

happiest minds
The Mindful IT Company
Born **Digital** . Born **Agile**

HAPPIEST MINDS

NOTICE OF AGM 2021

happiest minds
The Mindful IT Company
Born Digital . Born Agile

HAPPIEST MINDS TECHNOLOGIES LIMITED

(formerly known as Happiest Minds Technologies Private Limited)
(CIN No. L72900KA2011PLC057931)
Registered Office: #53/1-4, Hosur Main Road, Madivala, (Next to Madivala Police Station),
Bengaluru-560068, Karnataka, India; Ph: +91 80 6196 0300, Fax: +91 80 6196 0700;
Email : investors@happiestminds.com; Website : www.happiestminds.com

NOTICE OF THE 10TH ANNUAL GENERAL MEETING

Notice is hereby given that the Tenth Annual General Meeting ("**AGM**") of the members of **Happiest Minds Technologies Limited** will be held on Wednesday, the 7th day of July, 2021 at 4.00 pm (IST) through Video Conference / Other Audio Visual Means ("**VC**") without the physical presence of the members at a common venue, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2021 together with the Reports of Board of Directors and the Auditors thereon.

2. To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2021 together with the Report of the Auditors thereon.

3. To declare final dividend on equity shares for the financial year ended March 31, 2021.

4. To appoint a Director in place of Mr. Venkatraman Narayanan (DIN: 01856347) who retires by rotation and, being eligible, offers himself for re-appointment.

5. To appoint Auditors to hold office from the conclusion of the 10th Annual General Meeting until the conclusion of the 15th Annual General Meeting, and to fix their remuneration by passing the following resolution as an ordinary resolution:

   "RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder (including any amendments, modifications or re-enactment for the time being in force), and pursuant to the recommendations of the Audit Committee/Board of Directors of the Company, M/s. Deloitte Haskins & Sells, Chartered Accountants, Bengaluru (ICAI registration number 008072S) be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of the 10th Annual General Meeting until the conclusion of the 15th Annual General Meeting, and that the Board of Directors (or Committee thereof) be and is hereby authorized to fix such remuneration as may be determined in consultation with the said Auditors".

SPECIAL BUSINESS

6. To consider and if thought fit, to pass, the following Resolution as an **Ordinary Resolution**:

   "RESOLVED THAT in accordance with the provisions of Sections 149, 152, 161 and other applicable provisions of the Companies Act, 2013 read with the relevant Rules made thereunder (including any amendments, modifications or re-enactment for the time being in force), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions of law, if any and pursuant to the provisions of the Articles of Association of the Company, Mr. Joseph Vinod Anantharaju (having DIN No. 08859640), who was appointed as an Additional Director by the Board of Directors of the Company based on recommendation from the Nomination, Remuneration and Board Governance Committee of the Company, to hold office up to the conclusion of this Annual General Meeting of the Company with proposal to re-appoint thereat and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act proposing his candidature for the office of Director, being eligible, be and is hereby appointed as Director of the Company, liable to retire by rotation."

7. To consider and if thought fit, to pass, the following Resolution as a **Special Resolution**:

   "RESOLVED THAT subject to the approval of Central Government and in accordance with the provisions of Section 196, 197, 198, Schedule V and other applicable provisions of the Companies Act, 2013 read with the relevant Rules made thereunder (including any amendments, modifications or re-enactment for the time being in force), the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the provisions of the Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the appointment of Mr. Joseph Vinod Anantharaju (having DIN No. 08859640), as Whole-time Director of the Company designated as Executive Vice Chairman, for a period of five years from November 4, 2020 to November 3, 2025 at an annual remuneration of US$ 412,440, with further liberty to the Board (which term shall be deemed to include the Nomination, Remuneration and Board Governance Committee, constituted by the Board) to alter the said remuneration and terms and conditions, from time to time and in such manner as may be agreed to between the Board and Mr. Joseph in the best interest of the Company.

   RESOLVED FURTHER THAT approval of the Company be accorded to the Board of Directors of the Company (including any Committee thereof) to do all such acts, deeds, matters and to take all such steps as may be required in this connection to give effect to this resolution and to settle any questions, difficulties or doubts that may arise in this regard."

8. To consider and if thought fit, to pass, the following Resolution as a **Special Resolution**:

   "RESOLVED THAT in accordance with the provisions of Section 196, 197, 198, Schedule V and other applicable provisions of the Companies Act, 2013 read with the relevant Rules made thereunder (including any amendments, modifications or re-enactment for the time being in force), the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the provisions of the Articles of Association of the Company, approval of the members of the Company be and is hereby accorded for the appointment of Mr. Venkatraman Narayanan (having DIN No. 01856347), as Managing Director and Chief Financial Officer of the Company, for a period of five years from November 4, 2020 to November 3, 2025 at an annual remuneration of INR 1,12,34,720, with further liberty to the Board (which term shall be deemed to include the Nomination, Remuneration and Board Governance Committee, constituted by the Board) to alter the said remuneration and terms and conditions, from time to time and in such manner as may be agreed to between the Board and Mr. Venkatraman in the best interest of the Company.

   RESOLVED FURTHER THAT approval of the Company be accorded to the Board of Directors of the Company (including any Committee thereof) to do all such acts, deeds, matters and to take all such steps as may be required in this connection to give effect to this resolution and to settle any questions, difficulties or doubts that may arise in this regard."

9. To consider and if thought fit, to pass, the following Resolution as a **Special Resolution**:

   "**RESOLVED THAT** in furtherance of and supplemental to the Special Resolution passed by the members in the Extra-Ordinary General Meeting of the Company held on May 13, 2020 and pursuant to the provisions of Section 62(1)(b), and other applicable provisions, if any, of the Companies Act, 2013 (the "**Act**"), read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("**SEBI ESOP Regulations**"), to the extent applicable, the Memorandum of Association and Articles of Association of the Company, and subject to such other approvals, permissions and sanctions as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the '**Happiest Minds Employee Stock Option Scheme 2020'** ("**ESOP 2020**") formulated and approved prior to the Initial Public Offering ("**IPO**") of the Company, be and is hereby ratified and the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "**Board**", which term shall include the Nomination, Remuneration and Board Governance Committee of the Board exercising the powers conferred by the Board, including the powers conferred by this resolution), to create, issue, offer, and grant such number of employee stock options to present or future eligible employees of the Company, whether in India or overseas, determined in terms of ESOP 2020, from time to time, in one or more tranches, exercisable in aggregate into not more than 70,00,000 (Seventy Lakhs) equity shares of the Company, where each such employee stock option would be exercisable for one equity share of a face value of INR 2 each, fully paid-up, of the Company to be issued or transferred to the employee stock option grantee by the Company on payment of the requisite exercise price, on such terms and conditions as may be determined by the Board in accordance with the ESOP 2020, the Act, SEBI ESOP Regulations, applicable accounting policies and such other provisions of law, as may be applicable from time to time.

RESOLVED FURTHER THAT the equity shares so issued and allotted as mentioned hereinbefore shall rank *pari passu* with the then existing equity shares of the Company and the Board be and is hereby authorized to take necessary steps for listing of equity shares allotted under ESOP 2020 on stock exchanges where the securities of the Company are listed.

RESOLVED FURTHER THAT eligible employees may either be issued and allotted equity shares by the Company or be transferred existing equity shares from the Happiest Minds Technologies Share Ownership Plans Trust ("**Trust**") upon exercise of vested employee stock options.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional equity shares are issued by the Company on the recommendation of the Board to the employee stock option grantees for the purpose of making a fair and reasonable adjustment to the employee stock options granted earlier, the ceiling in terms specified above shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the employee stock option grantees under the ESOP 2020 shall automatically stand reduced or augmented, as the case may be, in the same proportion as the face value per equity share shall bear to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said grantees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to formulate, evolve, decide upon and bring into effect the ESOP 2020 as per the terms approved in this resolution and at any time to modify, change, vary, alter, amend, suspend or terminate the ESOP 2020 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as may at its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the ESOP 2020 and do all other things incidental and ancillary thereof Including delegation of all or any of its powers herein conferred to any of the committees and/or director(s) and/ or officer(s) of the Company, to give effect to this resolution."

Registered Office:
#53/1-4, Hosur Main Road,
Madivala (Next to Madivala Police Station),
Bengaluru-560068, Karnataka, India
Date: June 7, 2021
Place: Bengaluru

By Order of the Board
For **HAPPIEST MINDS TECHNOLOGIES LTD**

Praveen Kumar D
Company Secretary & Compliance Officer
Membership No. F6706

Notes:

1. AGM of the Company is being conducted through VC in compliance with General Circular No. 02/2021 read with General Circular Nos. 14/2020, 17/2020, 20/2020 issued by Ministry of Corporate Affairs and Circular dated 15th January, 2021 read with Circular dated 12th May, 2020 issued by the Securities and Exchange Board of India (collectively referred to as "**Circulars**"), which details procedure and manner of holding AGM through VC and provide certain relaxations from compliance with Listing obligations in view of COVID 19 pandemic.
2. The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company situated at #53/1-4, Hosur Main Road, Madivala (Next to Madivala Police Station), Bengaluru - 560068, Karnataka, India, which shall be the deemed Venue of the AGM. Since the AGM will be held through VC, the Route Map is not annexed in this Notice.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy so appointed need not be a member of the Company. Since this AGM is being held through VC, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. M/s. KFin Technologies Private Limited, Registrar & Transfer Agent of the Company ("**RTA**"), shall be providing facility for voting and attending the AGM through VC. Members may note that the VC facility provided by RTA allows participation of upto 1,000 members on a first-come-first-served basis. The members (holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination, Remuneration and Board Governance Committee and Stakeholders Relationship Committee, auditors, scrutinizers, etc. can attend the AGM without any restriction on account of first-come-first-served principle. Members can login and join 15 (fifteen) minutes prior to the schedule time of meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the schedule time. The detailed instructions for remote e-voting, participation in the AGM through VC and for e-voting during the AGM are provided in Annexure B attached to this Notice.
5. Institutional / Corporate members (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM on its behalf and to vote electronically either during the remote e-voting period or during the AGM. The said Resolution/Authorization should be sent electronically through their registered email address to the Scrutinizer at sree@sreedharancs.com with a copy marked to investors@happiestminds.com.
6. In case of Joint Holders attending the AGM, only such Joint Holder whose name appear first in the order of names will be entitled to vote.
7. The Company has appointed Mr. V Sreedharan, Practicing Company Secretary, Senior Partner of M/s V Sreedharan & Associates, Company Secretaries, Bengaluru (FCS 2347; CP 833) and in his absence Mr. Pradeep B Kulkarni, Practicing Company Secretary, Bengaluru (FCS 7260; CP 7835) or Ms. Devika Sathyanarayana (ACS 16617; CP No. 17024) Practicing Company Secretary, Bengaluru, Partners of the same firm, as Scrutinizer to scrutinize the e-voting process in fair and transparent manner.
8. Explanatory statement pursuant to section 102 of the Companies Act, 2013, in respect of Special Business under agenda item nos. 6, 7, 8 & 9 of the notice, is annexed. The Board of Directors have considered and decided to include these Special Business at the AGM, as they were unavoidable in nature. Additional information, pursuant to the SEBI (LODR) Regulations, 2015, with respect to appointment of the Statutory Auditors of the Company, as proposed under item no. 5 of this Notice under Ordinary Business, is also provided in the Explanatory Statement.
9. A member logging-in to the VC facility using the remote e-voting credentials shall be considered for record of attendance of such member at the AGM and such member attending the AGM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
10. The Register of Members and Transfer Book of the Company will be closed from Thursday, 1st July, 2021 to Wednesday, 7th July, 2021 (both days inclusive) for the purpose of AGM, annual closing and for determining entitlement of members for the final dividend for FY'21. Accordingly, Wednesday, the 30th June 2021 would be the cut-off date for the purpose of reckoning the members/beneficial owners entitled to e-vote and attend the AGM through VC. The voting rights of members shall be in proportion to their share in the paid-up equity share capital of the Company as on the said cut- off date.
11. The Board of Directors has recommended a final dividend of Rs.3/- per equity share of Rs.2/- each for the financial year ended March 31, 2021 that is proposed to be paid on and from 12th July, 2021, subject to the approval of the members at the ensuing AGM. Dividend will be paid as per the mandate registered with the Company or with their respective Depository Participants through electronic clearing service or warrants/at-par cheques or demand drafts, as the case may be.

12. Members holding shares in physical form and who have not registered their bank account details with the RTA or who wish to update, can do so on or before June 20, 2021 by emailing to **einward.ris@kfintech.com** with the following details – Folio No, Name & address of the their Bank, the Bank Account type, the Bank Account Number, 9 digit MICR Code Number, 11 digit IFSC Code and scanned copy of the cancelled cheque bearing the name of the first shareholder and bank account details. Members holding shares in demat may contact their Depository Participant to update their email address and bank account details.
13. Dividend income is taxable in the hands of the members and the Company is required to deduct tax at source ("TDS") from dividend paid to the members at prescribed rates in the Income Tax Act, 1961. In general, no tax will be deducted on payment of dividend to category of members who are resident individuals (with valid PAN details updated in their folio/client ID records) and the total dividend amount payable to them does not exceed Rs.5,000/-. Members not falling in the said category, can go through the detailed note with regard to applicability of tax rates for various other categories of members and the documents that need to be submitted for nil or lower tax rate, which has been provided on the Company's website at **https://www.happiestminds.com/investors/disclosures/**.
14. Members are requested to note that dividends, if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). Further, the shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, members/claimants are requested to claim their dividends from the Company within the stipulated timeline.
15. In compliance with the Circulars, an electronic copy of the Notice of the AGM along with the Annual Report is being sent only by email to those members whose e-mail addresses are registered with the Company/ Depositories. The Company will not dispatch physical copies of the Annual Report and the Notice of AGM to any member. The Notice calling the AGM and the Annual Report has been uploaded on the website of the Company at **www.happiestminds.com**. The Notice is also accessible from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The same is also available on the website of RTA at **https://evoting.kfintech.com/**.
16. All the members whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on Friday, June 4, 2021 have been considered for the purpose of sending the AGM Notice and the Annual Report. However, instructions have been given in Annexure B to enable those persons who become members subsequently to receive the AGM notice, Annual Report and login credentials.
17. Members can avail the facility of nomination in respect of shares held by them in physical form. Members desiring to avail this facility may send email to **einward.ris@kfintech.com**. Members holding shares in demat form may contact their Depository Participant for availing this facility.
18. In terms of the Listing Regulations, securities of listed companies can only be transferred in dematerialized form with effect from 1st April 2019 except in case of transmission or transposition of securities. In view of the above, members holding shares in physical form are advised to dematerialize the shares with their Depository Participant.
19. The statutory documents (i.e., The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which the Directors are interested maintained under Section 189 of the Companies Act, 2013 and the Certificate from the Auditors of the Company under the SEBI (Share Based Employee Benefits) Regulations, 2014), will be available electronically for inspection by the members during the AGM. Further, all the documents referred to in the Notice will also be available for electronic inspection by the members from the date of circulation of this Notice up to the date of AGM, i.e. July 7, 2021. Members seeking to inspect such documents can send an email to **investors@happiestminds.com.**
20. Members seeking any information with regard to accounts or operations are required to write to the Company at least seven days prior to the date of meeting, so as to enable the Management to keep the information ready.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

The present Statutory Auditors M/s S.R. Batliboi & Associates LLP ("SRB"), will retire at the ensuing 10th Annual General Meeting ("AGM") completing the first block of five years. The audit fees of SRB for conducting the audit for financial year 2020-21 was Rs.80 Lacs. The Board of Directors of the Company at their meeting held on May 12, 2021, based on the recommendation of the Audit Committee, recommended for the approval of the members, the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants ("DHC"), as the Auditors of the Company for a period of five years from the conclusion of this AGM till the conclusion of the 15th AGM. DHC has proposed to charge audit fees of Rs.65 Lacs for conducting the audit for financial year 2021-22.

The Audit Committee considered various parameters like capability to serve a diverse and complex business landscape as that of the Company, audit experience in the Company's operating segments, market standing of the firm, clientele served, technical knowledge etc., and found DHC to be best suited to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company. The Committee also thought that a change in auditors would help bring in a fresh perspective to their approach and deliverables.

DHS is registered with the Institute of Chartered Accountants of India. DHS is one of the leading audit firms, with deep technology audit experience in India, as well as globally, having served some of the largest and most reputed companies, including those in the technology sector. DHS' Audit & Assurance team has over 2,400 professionals. DHS has national presence with offices in 12 cities. The Bangalore office of the Firm is located at 19th Floor, 46 - Prestige Trade Tower, Palace Road, High Grounds, Bengaluru, Karnataka – 560001, India.

DHC have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice. The Board of Directors recommend passing of resolution in the manner proposed in Item No. 5, to be passed by way of an Ordinary Resolution.

Item Nos. 6 & 7

Your Directors' based on the recommendation of Nomination, Remuneration and Board Governance Committee had inducted Mr. Joseph Vinod Anantharaju as an Additional Director, with effect from November 4, 2020, to hold office until the next Annual General Meeting of the Company and was proposed to be re-appointed thereat. Further, he was also appointed as Whole-time Director, designated as Executive Vice Chairman with effect from November 4, 2020 for a period of five (5) years, subject to the approval of members and Central Government.

As per conditions specified in Part 1 of Schedule V of the Companies Act, a Whole-time Director should be resident in India. Since, Mr. Joseph is non-resident Indian, his appointment would be in variation of said conditions and therefore, the Company has also made application to Central Government in Form MR2 on December 24, 2020 for its approval. The approval is still awaited as of the date of the Notice.

All other relevant details of Mr. Joseph and information as required under Regulation 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India, are mentioned in Annexure A attached hereto.

This explanatory statement and the resolution at Item Nos. 6 & 7 which outlines the terms and conditions may also be read and treated as disclosure in compliance with the requirement of Section 190 & 196 of the Companies Act, 2013.

Since his continuation as Director and as well as Whole-time Director is very much essential to the Company, the Board of Directors recommend passing of resolution in the manner proposed in Item Nos.6 & 7, to be passed by way of an Ordinary Resolution and a Special Resolution, respectively.

Except Mr. Joseph Vinod Anantharaju, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item Nos. 6 & 7 of the Notice.

Item No. 8

Your Directors based on the recommendation of Nomination, Remuneration and Board Governance Committee had appointed or redesignated Mr. Venkatraman Narayanan as Managing Director and CFO, with effect from November 4, 2020, for a period of five (5) years, subject to the approval of members.

All other relevant details of Mr. Venkatraman and information as required under Regulation 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India, are mentioned in Annexure A attached hereto.

This explanatory statement and the resolution at Item No. 8 which outlines the terms and conditions may also be read and treated as disclosure in compliance with the requirement of Section 190 & 196 of the Companies Act, 2013.

Since his appointment as Managing Director and CFO is very much essential to the Company, the Board of Directors recommend passing of resolution in the manner proposed in Item No. 8, to be passed by way of a Special Resolution.

Except Mr. Venkatraman, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice.

Item No. 9

The Company appreciates the critical role employees play in the organizational growth. It strongly feels that the value created by its employees should be shared with them. Accordingly, in order to promote the culture of employee ownership and as well as to attract, retain, motivate and incentivize critical talents, the Company has employee stock option scheme, namely 'Happiest Minds Employee Stock Option Scheme 2020' ("ESOP 2020"), which was duly approved by the members prior to IPO on May 13, 2020.

In terms of Regulation 12(1) of SEBI ESOP Regulations, no company shall make any fresh grant which involves allotment or transfer of shares to its employees under ESOP scheme formulated prior to its IPO unless such scheme is in conformity with the SEBI ESOP Regulations and is ratified by its members after the IPO. The Company's existing scheme ESOP 2020 is already in compliance with SEBI ESOP Regulations and therefore we need to now get it ratified by the members of the Company.

The following are the broad terms and conditions of scheme - ESOP 2020:

(a) Brief description of the scheme:

ESOP 2020 contemplates grant of employee stock options to the eligible employees including Directors (excluding Independent Directors) of the Company, as may be determined in due compliance of extant law and provisions of ESOP 2020. After vesting of employee stock options, the employee stock option grantee earns a right (but not obligation) to exercise the vested employee stock options within the exercise period and obtain equity shares of the Company subject to payment of exercise price and satisfaction of any tax obligation arising thereon.

(b) Total number of employee stock options to be granted:

A total of 70,00,000 (Seventy Lakhs) employee stock options would be available for being granted to eligible employees of the Company under ESOP 2020 in one or more tranches, which in aggregate shall be exercisable into not more than 70,00,000 (Seventy Lakhs) equity shares of the Company. Each employee stock option when exercised would be converted into one equity share of INR 2 of the Company each fully paid-up.

Employee stock options lapsed or cancelled due to any reason including the reason of lapse of exercise period or due to resignation of the eligible employees or otherwise, would be available for being re-granted at a future date. The Board is authorized to re-grant such lapsed / cancelled options as per ESOP 2020.

In case of any corporate action (s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment will be made to the employee stock options granted, adjusting the number and price of the employee stock options such that the total value of the employee stock options in the hands of the employee stock option grantee remains the same after such corporate action, and allowing the vesting period and life of the employee stock options to be unaltered as far as possible to protect the rights of the employee stock option grantee.

(c) Identification of classes of employees entitled to participate in the scheme:

The following classes of employees are eligible to participate in ESOP 2020 as per SEBI ESOP Regulations:

(i) a permanent employee of the Company who has been working in India or outside India; or
(ii) a Director of the Company, whether a Whole-time Director or not but excluding an Independent Director; or
(iii) an employee as defined in (i) or (ii) of a subsidiary, in India or outside India.

but does not include—

(i) an employee who is a promoter or a person belonging to the promoter group of the Company; or
(ii) a Director who either himself / herself or through his / her relative or through any body corporate, directly or indirectly, holds more than 10 per cent of the outstanding equity shares of the Company.

(d) Requirements of vesting and period of vesting:
The vesting period shall be determined by the Board in accordance with applicable law and be provided in the letter of grant to be issued to the employee at the time of the issue of the employee stock options.

The vesting period of employee stock options granted shall be a maximum of four years and shall not be less than one year. The exact proportion in which and the exact period over which the employee stock options would vest would be determined by the Board, subject to the minimum vesting period of one year from the date of grant of employee stock options. The specific vesting schedule and vesting conditions subject to which vesting will take place will be outlined in the grant letter issued to each employee stock option grantee.

(e) The maximum period within which the options shall be vested:
The employee stock options granted shall vest not later than four years from the date of grant of such employee stock options.

(f) Exercise price or pricing formula:
The exercise price per employee stock option shall be such as may be determined by the Board which shall not be lesser than the face value of an equity share of the Company as on date of grant. The specific exercise price will be intimated to the employee stock option grantees in their respective grant letters.

(g) Exercise period and the process of exercise:
The specific exercise period will be intimated to the employee stock option grantees by the Board in their respective grant letters. In case of cessation of employment due to any reason, shorter exercise periods have been respectively prescribed in the ESOP 2020.

The vested employee stock options will be exercisable by the eligible employees upon the submission of a written exercise letter to the Board, along with such other documents as may be prescribed under the ESOP 2020. The employee stock options will lapse if not exercised within the specified exercise period. Upon exercise of vested employee stock options, eligible employees shall be either issued fresh equity shares by the Company or shall have existing equity shares transferred to them from the Trust. However, the Trust shall not undertake secondary acquisition, as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

(h) Appraisal process for determining the eligibility of the employees for the scheme:
The options shall be granted to the employees by the Board in its absolute discretion, taking into consideration factors such as per performance appraisal, seniority, period of service, the role of the employee, and such other criteria as may be determined by the Board at its sole discretion, from time to time.

(i) Maximum number of options to be issued per employee and in aggregate:
Number of employee stock options that may be granted to an eligible employee under the ESOP 2020 shall not exceed 4,50,000 (Four Lakhs Fifty Thousand) in aggregate per employee under ESOP 2020 or any such ceiling number of employee stock options as may be determined by the Board within such limit with respect to an individual eligible employee.

(j) Maximum quantum of benefits to be provided per employee under the scheme:
Any benefit other than grant of options or consequential issue of equity shares is not envisaged under the ESOP 2020. Accordingly, the maximum quantum of benefit for the employees under the ESOP 2020 is the difference between the exercise price of the options and the market price of the equity shares of the Company as on the date of exercise of options.

(k) Whether the scheme is to be implemented and administered directly by the Company or through a Trust:
ESOP 2020 is implemented and administered by the Trust under the direction of the Board.

(l) Whether the scheme involves new issue of shares by the Company or secondary acquisition by the Trust or both:
ESOP 2020 involves either new issue of shares by the Company or utilization of existing shares held by the Trust. There will be no secondary acquisition of shares by the Trust.

(m) The amount of loan to be provided for implementation of the scheme by the Company to the Trust, its tenure, utilization, repayment terms, etc:
Since the Trust is not permitted to make secondary acquisition of shares and the shares required for the ESOP 2020 will either be directly allotted by the Company or the existing shares held by the Trust would be used, the Company does not envisage requirement of loan by the Trust. Accordingly, particulars of loan is not applicable.

(n) Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the Trust for the purposes of the scheme:
Not applicable as secondary acquisition is not permitted.

(o) Accounting Policies and disclosures:
As specified in Regulation 15 of the SEBI ESOP Regulations, the Company shall comply with the requirements of the 'Guidance Note on Accounting for employee share-based Payments' or other accounting standards as may be prescribed by the Institute of Chartered Accountants of India from time to time including the disclosure requirements.

(p) Method of option valuation:
The Company shall adopt fair value method for valuation of the employee stock options as prescribed under guidance note or under any relevant accounting standard notified by appropriate authorities from time to time.

In case the Company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the fair value of the employee stock options, shall be disclosed in the Boards' Report and also the impact of this difference on profits and on earnings per share of the Company shall also be disclosed in the Boards' Report.

(q) Lock-in period:
The equity shares of the Company issued pursuant to exercise of vested employee stock options shall not be subject to any lock-in period.

(r) The conditions under which option vested in employees may lapse:
The vested options shall lapse in case of termination of employment due to the following: (i) convicted of an offence involving moral turpitude or that disentitles the eligible employee from being an employee in accordance with the Company's policies and/or applicable law; or (ii) commission of fraud, misappropriation or embezzlement by an employee; (iii) wilful dishonesty, gross misconduct; (iv) abandonment of employment by the employee; (v) termination of employment of the employee by the Company for reasons relating to performance of such employee; and/or (vi) any other action(s) that, in view of the Board is disruptive or detrimental to the functioning of the Company. Further, irrespective of employment status, in case vested options are not exercised within the prescribed exercise period, then such vested options shall lapse.

In case of termination of employment due to cause as specified above, all the vested and unvested options shall lapse and cannot be exercised.

In case of resignation/ termination (other than due to cause), all the unvested options would lapse and the vested options can be exercised by the employee stock option grantee within the period stipulated in the grant letter.

In case of death or permanent incapacity, all the unvested options would vest and the vested options can be exercised by the option grantee or nominee of the option grantee, as applicable, within the period stipulated in the grant letter.

(s) Listing:
The shares allotted pursuant to the exercise of the stock options under ESOP 2020, shall be listed on BSE Limited and National Stock Exchange of India Limited.

Copy of the scheme ESOP 2020 will be made available for inspection during the meeting and provided to the members on written request to the Company Secretary of the Company.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 of the Notice, except to the extent of their respective shareholding, if any in the Company or the equity shares that may be offered to them under ESOP 2020. The Board of Directors recommend passing of resolution in the manner proposed in Item No. 9, to be passed by way of a Special Resolution.

Registered Office:
#53/1-4, Hosur Main Road,
Madivala (Next to Madivala Police Station),
Bengaluru-560068, Karnataka, India

By Order of the Board
For **HAPPIEST MINDS TECHNOLOGIES LTD**

Date: June 7, 2021
Place: Bengaluru

Praveen Kumar D
Company Secretary & Compliance Officer
Membership No. F6706

Annexure A

Profile of Directors being appointed at the AGM

(In pursuance to Reg. 26 (4) & 36 (3) of the SEBI (LODR) Regulations and Secretarial Standard - 2)

Name of the Director	Mr. Venkatraman Narayanan	Mr. Joseph Vinod Anantharaju
DIN No.	01856347	08859640
Date of birth (Age)	April 29, 1971 (50 years)	March 1, 1971 (50 years)
Date of appointment	Nov 4, 2020 as Managing Director & CFO (He was first appointed on the Board on Jan 16, 2018 as Executive Director)	Nov 4, 2020 as Executive Vice Chairman
Qualification	B.Com, LLB, FCA	BE, MBA
Experience & expertise in specific functional areas	Over 25 years of experience in the area of finance, accounts and management. Prior to joining the Company in 2015, he was associated with Sonata Software Limited	Over 25 years of experience in the areas of strategy, sales & marketing, operations and management. Prior to joining the Company in 2011, he was associated with Mindtree Limited
Directorships held in other Companies in India	Govardhan Trading Company Private Limited	Nil
Chairmanship / Membership of Committees held in other Companies in India	Nil	Nil
Relationship with other Directors and KMP	None	None
No. of Shares held in the Company (% to total capital)	842,137 (0.57%)	425,000 (0.29%)
No. of Board Meetings attended during FY'21	14 (Fourteen)	3 (Three)*
Terms and conditions of appointment	No special perquisites or benefits as a Director. All terms and conditions of appointment as per the employment agreement and applicable polices of the Company. As a Director he is liable to retire by rotation	No special perquisites or benefits as a Director. All terms and conditions of appointment as per the employment agreement and applicable polices of the Company. As a Director he is liable to retire by rotation
Details of Remuneration sought to be paid	INR 1,12,34,720 per annum	US$ 412,440 per annum

*He was Director only for the part of the financial year and attended all the meetings.

Note: The Directors have furnished consent/declarations for their appointment as required under the Companies Act and Rules made thereunder. For other details of the above Directors, please refer to the Report on Corporate Governance, which is a part of the Annual Report 2021.

Annexure B

Detailed instructions for remote e-voting, the process to receive notice and login credentials by the persons who become members after the cut-off date, participation in the AGM through VC, and for e-voting during the AGM

1. Any person who becomes a Member of the Company after sending this Notice of AGM but on or before the cut-off date viz. Wednesday, June 30, 2021, can access the notice of AGM along with the Annual report for the financial year 2020-21 on the website of the Company **https://www.happiestminds.com/investors/** , website of stock exchanges i.e. BSE Limited **https://www.bseindia.com/** and National Stock exchange of Indian Limited **https://www.nseindia.com/** and on the website of RTA at **https://evoting.kfintech.com/**.
2. Members who have not registered their email address as a consequence of which the Annual Report, Notice of AGM, and e-voting instructions could not be serviced or who have become members post sending of this Notice of AGM, may temporarily get their email address and mobile number updated with the Company's RTA, by clicking the link: **https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx**
   Members are requested to follow the process as guided in the above-mentioned link to capture the email address and mobile number for sending the soft copy of the Notice and e-voting instructions along with the User ID and Password. In case of any queries, please write to **einward.ris@kfintech.com**

3. **INSTRUCTION FOR REMOTE E-VOTING:**
   Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the Listing Regulations and applicable Circulars, the Company is offering the facility of remote e-voting to its Members. The facility of casting votes by a Member using a remote e-voting system before the AGM as well as during the AGM will be provided by Company's RTA – M/s KFin Technologies Pvt Ltd.

   (a) Login method for e-Voting: Applicable only for Individual shareholders holding securities in Demat
   As per the SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in Demat mode are allowed to vote through their demat account maintained with their respective Depositories and Depository Participants as detailed below. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

   Option 1 – Login through Depositories

NSDL	CDSL
1. **Members who have already registered and opted for IDeAS facility to follow below steps:** (i) Go to URL: **https://eservices.nsdl.com** (ii) Click on the "Beneficial Owner" icon under 'IDeAS' section. (iii) On the new page, enter the existing User ID and Password. Post successful authentication, click on "Access to e-Voting" (iv) Click on the company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.	1. **Members who have already registered and opted for Easi / Easiest to follow below steps:** (i) Go to URL: **https://web.cdslindia.com/myeasi/home/login** ; or (ii) URL: **www.cdslindia.com** and then go to Login and select New System Myeasi (iii) Login with user id and password. (iv) The option will be made available to reach e-Voting page without any further authentication. (v) Click on company name or e-Voting service provider name to cast your vote during the remote e-Voting period.
2. **User not registered for IDeAS e-Services** (i) To register click on link: **https://eservices.nsdl.com** (Select "Register Online for IDeAS") or **https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp** (ii) Proceed with completing the required fields.	2. **User not registered for Easi/Easiest** (i) Option to register is available at **https://web.cdslindia.com/myeasi/Registration/EasiRegistration** (ii) Proceed with completing the required fields.

3. **First-time users can visit the e-Voting website directly and follow the process below:** (i) Go to URL: **https://www.evoting.nsdl.com/** (ii) Click on the icon "Login" which is available under 'Shareholder/Member' section. (iii) Enter User ID (i.e. 16-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. (iv) Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. (v) Click on the company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.	3. **First-time users can visit the e-Voting website directly and follow the process below:** (i) Go to URL: **www.cdslindia.com** (ii) Click on the icon "E-Voting" (iii) Provide demat Account Number and PAN No. (iv) System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account. (v) After successful authentication, the user will be provided links for the respective ESP where the e-Voting is in progress. (vi) Click on the company name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Option 2 - Login through Depository Participants.

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Click on e-Voting option and you will be redirected to NSDL/CDSL Depository site after successful authentication. Click on the company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Important note:

Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at the above-mentioned website. For any technical issues, Members may contact as below:

NSDL	CDSL
NSDL helpdesk by email to: **evoting@nsdl.co.in** or call at toll-free no.: 1800 1020 990 or 1800 22 44 30	CDSL helpdesk by email to **helpdesk.evoting@cdslindia.com** or call at 022-23058738 or 22-23058542-43

(b) Login method for e-Voting: Applicable only for Members holding shares in physical form and for Non-Individual Members (holding shares either in physical or demat):

Please access the RTA's e-voting platform at the URL**: https://evoting.kfintech.com/**

Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from RTA which will include details of E-Voting Event Number (EVEN) i.e., 5934, USER ID and password. Members are requested to use these credentials at the Remote Voting Login at the above-mentioned URL.

Alternatively, if the member is already registered with RTA's e-voting platform, then he can use their existing User ID and password for casting the vote through remote e-voting. If they have forgot the password, then they may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

Members can also use SMS service to get the credentials if their mobile number is registered against Folio No. / DP ID Client ID, by sending SMS: MYEPWD <space> EVEN No+Folio No. (in case of physical shareholders) or MYEPWD <space> DP ID Client ID (in case of shares held in DEMAT form) to 9212993399.

Example for NSDL	MYEPWD <SPACE> IN12345612345678
Example for CDSL	MYEPWD <SPACE> 1402345612345678
Example for Physical	MYEPWD <SPACE> 5934HMT12345678

4. **OTHER GENERAL INSTRUCTION FOR REMOTE E-VOTING:**

a) The remote e-voting facility will be available during the following period:

Start date and time	Sunday, July 04, 2021 at 09.00 a.m IST
End date and time	Tuesday, July 06, 2021 at 05.00 p.m IST

b) The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled/blocked by RTA upon expiry of the aforesaid period. Once the vote on a resolution is cast by the Member(s), they shall not be allowed to change it subsequently or cast the vote again.

c) In case of any query pertaining to e-voting, please refer Help' or 'FAQs' and 'User Manual for shareholders' available at the 'Download' section on the website (bottom corner) of our RTA at **https://evoting.kfintech.com/.** Member may also call RTA at toll free number 1-800-3094-001 or send an e-mail request to **einward.ris@kfintech.com** for all e-voting related matters.

5. **INSTRUCTION FOR E-VOTING AT E-AGM:**

a) Only those members who will be present in the e-AGM through video conference facility and have not cast their vote earlier through remote e-voting are eligible to vote through e-voting during the e-AGM.

b) Members who have cast their votes by remote e-voting prior to the meeting may attend the meeting but shall not be entitled to cast their vote again.

c) Upon the declaration by the Chairperson about the commencement of e-voting at e-AGM, Members shall click on the "Vote" sign on the left-hand bottom corner of their video screen for voting at the e-AGM, which will take them to the 'Instapoll' page.

d) Members to click on the "Instapoll" icon to reach the resolution page and follow the instructions to vote on the resolutions.

e) The facility of Instapoll will be available during the time not exceeding 15 minutes from the commencement of e-voting as declared by the Chairman at e-AGM and can be used for voting only by those Members who hold shares as on the cut-off date viz. June 30, 2021, and who are attending the meeting and who have not already cast their vote(s) through remote e-voting.

6. **INSTRUCTION FOR MEMBERS FOR ATTENDING THE E-AGM:**

a) Members will be able to attend the e-AGM through VC/OAVM provided by RTA at **https://emeetings.kfintech.com/** by clicking on the tab 'video conference' and using their remote e-voting login credentials shared through email. The link for e-AGM will be available in the Member's login where the event and the name of the Company can be selected. Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the instructions mentioned in clause 2 of this Annexure.

b) Members are encouraged to join the meeting through Laptops with Google Chrome for a better experience.

c) Further, members will be required to use the camera, if any, and hence it is recommended to use the internet with a good speed to avoid any disturbance/glitch/garbling, etc. during the meeting.

d) While all efforts would be made to make the VC/OAVM meeting smooth, participants connecting through mobile devices, tablets, laptops, etc. may at times experience audio/video loss due to fluctuation in their respective networks. The use of a stable Wi-Fi or LAN connection can mitigate some of the technical glitches.

e) Members, who would like to express their views or ask questions during the e-AGM will have to register themselves as a speaker by visiting the URL **https://emeetings.kfintech.com/** and clicking on the tab 'Speaker Registration' and mentioning their registered e-mail id, mobile number, and city, during the period starting from July 04, 2021 at 09.00 a.m IST up to July 05, 2021 at 05.00 p.m IST. Only those members who have registered themselves as a speaker will be allowed to express their views/ask questions during the e-AGM and the maximum time per speaker will be restricted to 3 minutes.

The Company reserves the right to restrict the number of speakers depending on the availability of time for the e-AGM. Please note that questions of only those Members will be entertained/considered who are holding shares of Company as on the cut-off date i.e., June 30, 2021.

f) A video guide assisting the members attending e-AGM either as a speaker or participant is available for quick reference at URL **https://cruat04.kfintech.com/emeetings/video/howitworks.aspx**

g) Members who need technical or other assistance before or during the e-AGM can contact RTA by sending email to **emeetings@kfintech.com** or call at Helpline: 1800 309 4001 (toll-free).

h) Due to limitations of transmission and coordination during the Q&A session, the Company may dispense with the speaker registration during the e-AGM.

7. **GENERAL INSTRUCTION FOR MEMBERS:**

a) The Chairperson shall formally propose to the Members participating through VC/OAVM facility to vote on the resolutions as set out in this Notice of 10th AGM (e-AGM) and shall also announce the start of the casting of the vote at AGM through the e-voting platform of our RTA - KFin Technologies Pvt. Ltd and thereafter the e-voting at AGM will commence.

b) The Scrutiniser shall, immediately after the conclusion of e-voting at the AGM, first count the votes cast during the meeting, thereafter unlock the votes cast through remote e-voting and make a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, and submit the report to the Chairperson of the Company or any person authorized in that respect, who shall countersign the same and thereafter announce the results of the e-voting. The results declared along with the scrutinizer's report shall be placed on the Company's website at www.happiestminds.com/investors and the website of RTA at https://evoting.kfintech.com/ and shall also be communicated to the stock exchanges viz BSE Limited & National Stock Exchange of India Ltd. where the shares of the Company are listed. The resolutions shall be deemed to be passed at the e-AGM of the Company subject to obtaining requisite votes thereto.

Summarized information at a glance:

Particulars	Details
Time and date of AGM	4.00 PM IST on Wednesday the July 7, 2021
Venue/Mode	Through video conference at below link: **https://emeetings.kfintech.com/**
Book closure dates	From July 1, 2021 to July 7, 2021 (both days inclusive)
Record date for payment of final dividend	June 30, 2021
Final dividend recommended for FY'21	Rs.3/- per share
Final dividend payout date, if approved by members	On or after July 12, 2021
Detailed information on TDS	**https://www.happiestminds.com/investors/disclosures/**
Cut-off date for e-Voting	June 30, 2021
E-voting Start time and date	Sunday, July 04, 2021 at 09.00 a.m IST
E-voting end time and date	Tuesday, July 06, 2021 at 05.00 p.m IST
E-voting website links (Please use as applicable to you)	**https://evoting.kfintech.com/** **https://eservices.nsdl.com** **https://web.cdslindia.com/myeasi/home/login**
E-voting Event Number (EVEN)	5934
Weblink for temporary registration to receive AGM Notice and credentials for E-voting/eAGM	**https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx**
Contact details of RTA	Mr. Umesh Pandey, Manager KFin Technologies Private Limited Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032, Telangana Email ids: **einward.ris@kfintech.com** **umesh.pandey@kfintech.com** Website: **https://www.kfintech.com** Toll free number: 1- 800-309-4001

About Happiest Minds Technologies

Happiest Minds Technologies Limited (NSE: HAPPSTMNDS), a Mindful IT Company, enables digital transformation for enterprises and technology providers by delivering seamless customer experiences, business efficiency and actionable insights. We do this by leveraging a spectrum of disruptive technologies such as: artificial intelligence, blockchain, cloud, digital process automation, internet of things, robotics/drones, security, virtual/augmented reality, etc. Positioned as 'Born Digital . Born Agile', our capabilities span digital solutions, infrastructure, product engineering and security. We deliver these services across industry sectors such as automotive, BFSI, consumer packaged goods, e-commerce, edutech, engineering R&D, hi-tech, manufacturing, retail and travel/transportation/hospitality. A Great Place to Work-Certified™ company, Happiest Minds is headquartered in Bangalore, India with operations in the U.S., UK, Canada, Australia and Middle East.

happiest minds
The Mindful IT Company
Born **Digital** . Born **Agile**

www.happiestminds.com