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.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(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.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

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

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(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.

Notes to the Standalone Financial Statements for the year ended March 31, 2021

(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