Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

(All amounts in ₹ lakhs, unless otherwise stated)

Corporate Information

Happiest Minds Technologies Limited (formerly known as Happiest Minds Technologies Private Limited) ("Happiest Minds" or "the Company" or "the Parent Company") together with its subsidiary (collectively "the Group") is engaged in a next generation IT solutions & services Company, enabling organizations to capture the business benefits of emerging technologies of cloud computing, social media, mobility solutions, business intelligence, analytics, unified communications and internet of things. The Group offers high degree of skills, IPs and domain expertise across a set of focused areas that include Digital Transformation & Enterprise Solutions, Product Engineering, Infrastructure Management, Security, Testing and Consulting. The Group focuses on industries in the Retail/ CPG, BFSI, Travel & Transportation, Manufacturing and Media space. Happiest Minds Provide a Smart, Secure and Connected Experience to its Customers. In the Solution space, focus areas are Security, M2M and Mobility solutions.

The Company is a limited Company, incorporated and domiciled in India and has a branch office at United States of America, United Kingdom, Australia, Canada, Netherland, Singapore, Malaysia and Dubai. The registered office of the Company is situated at #53/1-4, Hosur Main Road, Madivala (next to Madivala Police Station) Bangalore 560068.

The Group's Consolidated Financial Statements (CFS) for the year ended March 31, 2021 were approved by Board of Directors on May 12, 2021.

1 Basis of preparation of Consolidated Financial Statements

a Basis of preparation

The Consolidated Financial Statements (CFS) of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the CFS.

This note provides a list of the significant accounting policies adopted in the preparation of the Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

These Consolidated Financial Statements have been prepared for the Group as a going concern on the basis of relevant Ind AS that are effective at the Group's annual reporting date, March 31, 2021.

The Consolidated Financial Statements have been prepared on an accrual basis under the historical cost convention except for the following that are measured at fair value as required by relevant :

a) Defined benefit plan - plan assets measured at fair value

b) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

c) Derivative financial instruments

b Functional currency and presentation currency

These Consolidated Financial Statement are presented in India Rupee (₹), which is also functional currency of the Parent Company. All the values are rounded off to the nearest lakhs (₹ 00,000) unless otherwise indicated.

c Use of estimates and judgements

In preparing these Consolidated Financial Statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the period. Actual results may differ from these estimates.

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

(All amounts in ₹ lakhs, unless otherwise stated)

Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding estimate. Changes in estimate are reflected in the financial statement in the period in which changes are made and, if material, their effects are disclosed in the notes to the Consolidated Financial Statements.

Judgements:

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Consolidated Financial Statements is included in the following notes:

- Note 2(c) and 2(d)- Useful life of property, plant and equipment and intangible assets;
- Note 2(g) - Lease classification;
- Note 2(h) - Financial instrument; and
- Note 2(l)- Measurement of defined benefit obligations: key actuarial assumptions.

Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March, 2021 is included in the following notes:

- Note 2(e) - Impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;
- Note 2(n)- Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 2(h) - Impairment of financial assets
- Note 2(p) - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Note 2(i) - Fair value measurement

d Current and non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

(All amounts in ₹ lakhs, unless otherwise stated)

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

e) Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Parent Company and its subsidiary as at 31 March 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent Company with those of its subsidiaries on line by line basis. For this purpose, income and expenses of the subsidiaries are based on the amounts of the assets and liabilities recognised in the Consolidated Financial Statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit and loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit and loss. Any investment retained is recognised at fair value.

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

(All amounts in ₹ lakhs, unless otherwise stated)

The subsidiary companies which are included in the consolidation and the Company's holdings therein are as under:

Name of Company	Nature of Business	Country of incorporation	Ownership interest as at March 31, 2021	Ownership interest as at March 31, 2020
Happiest Minds Technologies LLC	IT services	United States of America	Nil *	100%
Happiest Minds Inc. (formerly known as PGS Inc.)	IT services	United States of America	100%**	0%

*Liquidated on June 2020, refer note 45

** refer note 44

2 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these Consolidated Financial Statements.

a Revenue recognition

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

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

Rendering of services

Revenues from services comprise primarily income from time-and-material and fixed price contracts. Revenue with respect to time-and-material contracts is recognised over the period of time as the related services are performed. Revenue with respect to fixed price contracts where performance obligation is transferred over time. The input (efforts expended) method has been used to measure progress towards completion, as there is a direct relationship between input and productivity. Provisions for estimated losses on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. In determining the transaction price for rendering of services, the Group considers the effect of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customers if any. Revenue is recognised net of trade and cash discounts.

Trade receivables

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

Variable consideration

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

Sale of licenses

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

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

(All amounts in ₹ lakhs, unless otherwise stated)

Contract balances

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

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

Interest income

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

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

Dividend income

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

b Business Combination

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

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

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.

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

(All amounts in ₹ lakhs, unless otherwise stated)

- Assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

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

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

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

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

c Property, plant and equipment

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

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

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

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

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

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

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

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

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

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

d Intangible assets

Goodwill

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

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

Other intangible assets

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

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

Amortisation methods and periods

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

Asset	Life in Years
Computer software	2.5-3 years
Non compete fees	3 years
Customer relations	3-4 years
Trade mark	2-3 years
Exclusive license	2 years

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

(All amounts in ₹ lakhs, unless otherwise stated)

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

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

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

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

e Impairment of non-financial assets

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

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

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

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

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

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

(All amounts in ₹ lakhs, unless otherwise stated)

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each Cash Generating Unit (CGU) (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

f Borrowing cost

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

g Leases

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

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

Group as lessee

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

Right-of-use assets

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

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

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

Lease liabilities

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

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

(All amounts in ₹ lakhs, unless otherwise stated)

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

Sublease

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If the sublease is classified as a finance lease, the original lessee derecognises the right-of-use asset on the head lease at the sublease commencement date and continues to account for the original lease liability in accordance with the lessee accounting model.

Short-term leases and leases of low-value assets

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

Lease and non-lease component

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

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

Extension and termination option

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

Group as lessor

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

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

(All amounts in ₹ lakhs, unless otherwise stated)

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

h Financial Instruments

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Non-derivative financial instruments:

a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through Other Comprehensive Income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS - 115.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (OCI), it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at Fair Value Through Other Comprehensive Income (FVTOCI)
- Debt instruments, derivatives and equity instruments at Fair Value Through Profit and Loss (FVTPL)
- Equity instruments measured at Fair Value Through Other Comprehensive Income (FVTOCI)

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Debt instruments at amortised cost

A 'Debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principle and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 12.

Debt instrument at FVTOCI

A 'Debt instrument' is classified as at the Fair Value Through Other Comprehensive Income (FVTOCI) if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent solely payments of principle and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the Other Comprehensive Income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the Effective Interest Rate (EIR) method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as Fair Value Through Other Comprehensive Income (FVTOCI), is classified as at Fair Value Through Profit or Loss (FVTPL).

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Equity investments

All equity investments in scope of Ind AS - 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS - 103 applies are classified as at Fair Value Through Profit or Loss (FVTPL). For all other equity instruments, the Group may make an irrevocable election to present in Other Comprehensive Income (OCI) subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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If the Group decides to classify an equity instrument as at Fair Value Through Other Comprehensive Income (FVTOCI), then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's Consolidated Balance Sheet) when:

- The rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Reclassification of financial assets

The Group determines classification of financial assets on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Impairment of financial assets

In accordance with Ind AS - 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS - 115.

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The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

b) Financial Liabilities :

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at Fair Value Through Profit or Loss (FVTPL), loans and borrowings, or as payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

The subsequent measurement of financial liabilities depends on their classification, which is described below.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at Fair Value Through Profit or Loss (FVTPL)

Financial liabilities at Fair Value Through Profit or Loss (FVTPL) include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit and loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS - 109 are satisfied. For liabilities designated as FVTPL, fair value gains or losses attributable to changes in own credit risk are recognised in Other Comprehensive Income (OCI). These gain or loss are not subsequently transferred to statement of profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Group has not designated any financial liability as at fair value through profit or loss.

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Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains or losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer note 18.

Derecognition

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

d) Offsetting of financial instruments

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

Derivative financial instruments :

Initial recognition and subsequent measurement :

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit and loss, except for the effective portion of cash flow hedges, which is recognised in Other Comprehensive Income (OCI) and later reclassified to statement of profit and loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

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The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The Group designates certain foreign exchange forward and interest rate swaps as cash flow hedges with an intention to hedge its existing liabilities and highly probable transaction in foreign currency. When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedge reserve is reclassified to the Statement of Profit and Loss.

Compulsorily Convertible Preference Shares (CCPS)

Compulsorily Convertible Preference Shares (CCPS) are classified as a liability or equity components based on the terms of the contract and in accordance with Ind AS - 32 (Financial instruments: Presentation). CCPS issued by the Company classified as equity is carried at its transaction value and shown within "other equity". CCPS issued by the Company classified as liability is initially recognised at fair value (issue price). Subsequent to initial recognition, such CCPS is fair valued through the statement of profit and loss. On modification of CCPS from liability to equity, the CCPS is recorded at the fair value of CCPS classified as equity and the difference in fair value is recorded as a gain/ loss on modification in the statement of profit and loss.

i Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

j Cash and cash equivalents

Cash and cash equivalents in the balance sheet and cash flow statement comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

k Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Indian rupee (₹), which is functional and presentation currency of the Parent Company

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in the statement of profit and loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., Consolidated Financial Statement when the foreign operation is a subsidiary), such exchange differences are recognised initially in Other Comprehensive Income (OCI). These exchange differences are reclassified from equity to the statement of profit and loss on disposal of the net investment.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to the statement of profit and loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item

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(i.e., translation differences on items whose fair value gain or loss is recognised in OCI or the statement of profit and loss are also recognised in OCI or the statement of profit and loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into ₹ at the rate of exchange prevailing at the reporting date and their profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in Other Comprehensive Income (OCI). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the statement of profit and loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (April 1 2018), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date

I Employee Benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current financial liabilities in the balance sheet.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Other long-term employee benefit obligations

The liabilities for leave balance are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields on government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

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The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The Group operates the following post-employment schemes:

(a) defined benefit plans - gratuity, and

(b) defined contribution plans such as provident fund.

Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have term approximating the term of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Such accumulated re-measurement balances are never reclassified into the statement of profit and loss subsequently.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit and loss as past service costs.

Defined contribution plan

Retirement benefit in the form of provident fund scheme, Social security, National Insurance, Superannuation, Medicare schemes are the defined contribution plans. The Group has no obligation, other than the contribution payable. The Group recognizes contribution payable to these schemes as an expenditure, when an employee renders the related service.

m Employee share based payments

Certain employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

Equity-settled transactions:

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using a Black Scholes model except for the option on date of modification of plan from cash settled to equity settled transaction.

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

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Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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

n Taxation

Income tax comprises of current tax and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in the Other Comprehensive Income.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income (OCI) or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

In the situations where one or more entities in the group are entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where they operate, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the concerned entity's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognised in the year in which the temporary differences originate. However, the group restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle the asset and the liability on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss

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- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit and loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Minimum Alternate Tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the “MAT credit entitlement” asset at each

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reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

o Treasury shares

The Group has created an Employee Benefit Trust (EBT) for providing share-based payment to its employees. The Group uses EBT as a vehicle for distributing shares to employees under the employee remuneration schemes. The EBT buys shares from the Parent Company, for giving shares to employees. The Group treats EBT as its extension and shares held by EBT are treated as treasury shares. Refer note 16.

No gain or loss is recognised in statement of profit and loss on the issue or cancellation of the Group's own equity instruments.

On consolidation of EBT with the Group, the value of shares held by trust is shown as a deduction from equity (i.e. reduction from share capital to the extent of face value and remaining from securities premium). Gains/ losses recognized by the trust on issue of shares are shown as a part of securities premium.

Share options exercised during the reporting period are satisfied with treasury shares.

p Provisions and Contingent Liabilities

Provisions

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

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

Provision for warranty

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

Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses it in the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

q Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Group has identified three reportable segment based on the dominant source, nature of risks and return and the internal organisation and management structure and for which discrete financial information is available. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Refer note 42 for segment information.

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

(All amounts in ₹ lakhs, unless otherwise stated)

r Earnings/(Loss) per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of Parent Company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period (including treasury shares).

The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit and loss for the period attributable to equity shareholders of the Parent Company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions and CCPS during the year

Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into.

s Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale and the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned. The group treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible are not depreciated, or amortised assets once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately from other items in the balance sheet.

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

(All amounts in ₹ lakhs, unless otherwise stated)

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations ,or
- Is a subsidiary acquired exclusively with a view to resale

Additional disclosures are provided in note 45.

t Change in accounting policies and disclosure

(i) Amendment to Ind AS 116 : Covid-19- Related Rent Concessions.

The amendment provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions as a direct consequence of Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee who makes this election accounts for any change in lease payments resulting from Covid-19 rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The Group has availed this practical expedient. Refer note 27.

(ii) Amendment to Ind AS 103 Business Combination:

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all the inputs and processess needed to create outputs.

The Group has considered the above amendment in assessing the business combination transaction entered during the year and it had no impact on the financial statements of the Group.

u Standards notified but not yet effective:

There were no standard notified but not yet effective upto the date of issuance of the Company's financial statements.

v Critical estimates and judgements

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

Significant estimates

(a) Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefit and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. Due to complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

(All amounts in ₹ lakhs, unless otherwise stated)

The parameter most subject to change is the discount rate. The mortality rate is based on publicly available mortality table in India. The mortality tables tend to change only at interval in response to demographic changes. Further salary increases and gratuity increases are based on expected future inflation rates. Further details about the gratuity obligations are given in Note 34.

(b) Revenue recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts.

Use of the percentage-of-completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

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

(c) Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

At the time of finalisation of these financial statements the severity of the pandemic in the form of Wave 2 is peaking across the country and on account of which various state Governments have imposed lockdown like restrictions in various parts of the country. The situation though is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future spread of COVID-19 and thus the full impact still remains uncertain and could be different from the estimates considered while preparing these financial statements. The Group will continue to closely monitor any material changes to future economic conditions.

Critical judgements

(a) Deferred taxes

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all the deductible temporary differences, carry forward of unused tax credits and unused tax losses, however the same is restricted to the extent of the deferred tax liabilities unless it is probable that sufficient taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Also refer Note 10 (A) and 10 (B).

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

(All amounts in ₹ lakhs, unless otherwise stated)

3 Property, plant and equipment

	Computer Systems	Office equipments	Furniture and fixtures	Leasehold improvements	Total	Capital work-in-progress
Gross carrying amount						
As at April 01, 2019	**194**	**99**	**21**	**43**	**357**	**-**
Additions	23	17	3	3	46	-
As at March 31, 2020	**217**	**116**	**24**	**46**	**403**	**-**
Additions	44	18	2	-	64	14
Disposals	(13)	-	-	-	(13)	-
Deletion on liquidation of subsidiary (refer note (i) below)	(1)	-	(1)	-	(2)	-
As at March 31, 2021	**247**	**134**	**25**	**46**	**452**	**14**
Accumulated Depreciation						
As at April 01, 2019	**80**	**41**	**9**	**13**	**143**	**-**
Charge for the year	108	37	7	15	167	-
As at March 31, 2020	**188**	**78**	**16**	**28**	**310**	**-**
Charge for the year	44	20	9	15	88	-
Disposals	(13)	-	-	-	(13)	-
Deletion on liquidation of subsidiary (refer note (i) below)	(1)	-	(1)	-	(2)	-
As at March 31, 2021	**218**	**98**	**24**	**43**	**383**	**-**
Net book value						
As at March 31, 2020	**29**	**38**	**8**	**18**	**93**	**-**
As at March 31, 2021	**29**	**36**	**1**	**3**	**69**	**14**

Note:

(i) The Group has liquidated its subsidiary i.e. Happiest Minds Technologies LLC during the year ended March 31, 2021. On liquidation, balance lying in gross block and accumulated depreciation has been reversed during the year ended March 31, 2021. Further refer note 45.

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

(All amounts in ₹ lakhs, unless otherwise stated)

4 Intangible Assets*

	Goodwill	Other intangible assets						Intangible assets under development
		Trademark	Customer relationships	Non-compete	Computer software	Exclusive license	Total	
Cost or valuation								
Deemed cost								
As at April 01, 2019	**2,990**	**32**	**577**	**42**	**187**	**-**	**838**	**17**
Additions	-		-	-	67	-	67	-
As at March 31, 2020	**2,990**	**32**	**577**	**42**	**254**	**-**	**905**	**17**
Additions	-	-	-	-	19	-	19	-
Acquisition of subsidiary (Refer note 44)	7,020	88	2,612	51	263	94	3,108	-
Transfer from intangible assets under development	-	-	-	-	17	-	17	(17)
Deletion on liquidation of subsidiary (refer note (i) below)	(492)	(32)	(373)	(31)	-	-	(436)	-
Exchange difference	14	-	5	-	1	-	6	
As at March 31, 2021	**9,532**	**88**	**2,821**	**62**	**554**	**94**	**3,619**	**-**
Accumulated amortisation								
As at April 01, 2019	**1,254**	**32**	**468**	**36**	**106**	**-**	**642**	**-**
Charge for the year	-	-	106	5	80	-	191	-
Impairment charge	1,126	-	-	-	-	-	-	-
As at March 31, 2020	**2,380**	**32**	**574**	**41**	**186**	**-**	**833**	**-**
Charge for the year	-	11	166	5	61	12	255	-
Deletion on liquidation of subsidiary (refer note (i) below)	(492)	(32)	(373)	(31)	-	-	(436)	-
Exchange difference	-	-	1	-	-	-	1	-
As at March 31, 2021	**1,888**	**11**	**368**	**15**	**247**	**12**	**653**	**-**
Net book value								
As at March 31, 2020	**610**	**-**	**3**	**1**	**68**	**-**	**72**	**17**
As at March 31, 2021	**7,644**	**77**	**2,453**	**47**	**307**	**82**	**2,966**	**-**

Note:

(i) The Group has liquidated its subsidiary i.e. Happiest Minds Technologies LLC during the year ended March 31, 2021. On liquidation, balance lying in gross block and accumulated amortisation and impairment has been reversed during the year ended March 31, 2021. Further refer note 45.

Impairment of goodwill

The Goodwill of ₹ 1,887 lakhs relates to business acquisition of OSS Cube Solutions Limited, ₹ 611 lakhs relates to the business acquisition of Cupola Technology Private Limited and ₹ 7,034 lakhs related to the business acquisition of Happiest Minds Inc. (formerly known as PGS Inc.) which has been allocated to OSS Cube, Internet of things (IoT) and Digital business solutions (DBS) cash generating units (CGUs), respectively. The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the CGU is determined based on value-in-use calculations which require the use of assumptions. The value-in-use is calculated using the cash flow projections based on financial budgets approved by management covering a five year period.

The Group acquired Happiest Minds Inc. (formerly known as PGS Inc.) during the year ended March 31, 2021. There has neither been significant time lapse from the date of such acquisition and reporting date nor any significant change in business has occured during the period and thus the management believe that there would not be any material impact on the value of goodwill on performing impairment assessment. Hence the management has not carried out impairment testing of goodwill pertaining to such acquisition.

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

(All amounts in ₹ lakhs, unless otherwise stated)

The following table sets out the key assumptions for calculation of value-in-use for these CGUs:

	OSS Cube		IoT		DBS	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Discount rate	NA	16.64%	15.89%	16.64%	Refer note above	NA
Long term growth rate	NA	2.00%	4.00%	4.00%	Refer note above	NA
Sales growth	NA	5%	10%	10%	Refer note above	NA
Carrying value of goodwill	-	-	610	610	7,034	NA

The discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets of the Cash Generating Unit (CGU).

The Group has recognised goodwill impairment of ₹ Nil (March 31, 2020 : ₹ 1,126 lakhs) relating to OSS Cube business during the year ended March 31, 2021. Since the entire goodwill was impairment during the ended March 31, 2020, sensitivity analysis has not been disclosed.

There is no impairment noted in the IoT CGU based on the assessment performed by the management. Management has performed sensitivity analysis around the base assumption and have concluded that no reasonable possible change in key assumptions would cause the recoverable amount of the IoT CGU lower than the carrying amount of CGU.

5 Right-of-use assets

	Computer systems	Office buildings	Motor vehicles	Total
As at April 01, 2019	**300**	**3,585**	**80**	**3,965**
Additions	663	43	-	706
Deletions	-	-	-	-
Depreciation	(291)	(1,324)	(50)	(1,665)
As at March 31, 2020	**672**	**2,304**	**30**	**3,006**
Additions	609	466	-	1,075
Depreciation	(448)	(1,464)	(19)	(1,931)
As at March 31, 2021	**833**	**1,306**	**11**	**2,150**

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

(All amounts in ₹ lakhs, unless otherwise stated)

6 Loans

Carried at amortised cost

	March 31, 2021	March 31, 2020
Non-current		
Loans considered Good - Unsecured		
Security deposit	349	767
Loans - credit impaired		
Security deposit	-	-
	349	767
Less: Allowance for credit impaired loans	-	-
	349	**767**
Current		
Loans considered Good - Unsecured		
Loan to employees	14	64
Security deposit (Refer note 1 below)	798	36
Loans - credit impaired		
Security deposit	1	511
	813	**611**
Less: Allowance for credit impaired loans	(1)	(511)
	812	**100**

Note 1:

In the current year, the Parent Company has deposited of ₹ 300 lakhs to NSE/BSE as a bank guarantee for the purpose of IPO.

7 Other financial assets

		March 31, 2021	March 31, 2020
(a)	**Other financial assets carried at amortised cost**		
	(unsecured, considered good, unless otherwise stated)		
	Non-current		
	Fixed deposit with maturity of more than 12 months	1,733	183
	Margin money deposits - refer note (i) below	376	185
		2,109	**368**
(i)	**Margin money deposit is used to secure:**		
	Term loan - RBL bank	-	135
	Term loan - Federal bank	370	-
	Guarantees given	6	50
	Current		
	Interest accrued on fixed deposit	52	71
	Unbilled revenue	5,841	4,471
	Other receivables	34	2
	Net Investment in Sublease of ROU Asset	-	7
		5,927	**4,551**
	Unbilled revenue - credit impaired	132	91
	Less: Allowance for credit impaired loans	(132)	(91)
		5,927	**4,551**

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

(All amounts in ₹ lakhs, unless otherwise stated)

The table below provides details regarding the contractual maturities of lease receivables for the year ended March 31, 2020 and March 31, 2021 and reconciliation of undiscounted lease receivables to Net investment.

		March 31, 2021	March 31, 2020
	Within one year	-	7
	Within 1 to 2 year	-	-
	Within 2 year and above	-	-
	Total undiscounted payments receivables (A)	**-**	**7**
	Unearned finance income (B)	-	-
	Net investment (A-B)	-	7
(b)	**Derivative instruments carried at fair value through OCI**		
	Cash flow hedges		
	Foreign currency forward contracts	523	5
	Interest rate Swaps	-	14
		523	**19**
Total other current financial assets		**6,450**	**4,570**

8 Income tax assets (net)

	March 31, 2021	March 31, 2020
Non - current		
Income tax assets (net)	1,408	1,335
	1,408	**1,335**

9 Other assets

Unsecured, considered good, unless otherwise stated

	March 31, 2021	March 31, 2020
Non - current		
Prepaid expenses	7	33
	7	**33**
Current		
Prepaid expenses	798	574
Balances with statutory / government authorities	449	254
Advance to Employees against expenses	22	43
Advance to suppliers	64	189
	1,333	**1,060**

10A Deferred tax assets (net)

The Company has recognised deferred tax on temporary deductible difference which are probable to be available against future taxable profit.

	March 31, 2021	March 31, 2020
Deferred tax assets (net)	1,026	-
	1,026	**-**

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

(All amounts in ₹ lakhs, unless otherwise stated)

Significant components and movement in deferred tax assets and liabilities during the year :

	April 01, 2020	Recognised in profit or loss	Recognised in Other comprehensive income	March 31, 2021
Deferred tax liability				
Mutual funds	-	54	-	54
Property, plant and equipment and intangible assets	-	16	-	16
Derivative assets	-	-	128	128
Total deferred tax liabilities	**-**	**70**	**128**	**198**
Deferred tax assets				
Loss allowance on trade receivables	-	(318)	-	(318)
Lease liability and right-of-use assets	-	(125)	-	(125)
Provision for gratuity and leave encashment	-	(582)	(36)	(618)
Others	-	(163)	-	(163)
Total deferred tax assets	**-**	**(1,188)**	**(36)**	**(1,224)**
Deferred tax assets (net)	**-**	**(1,118)**	**92**	**(1,026)**

10B Deferred tax assets (net)

	March 31, 2021	March 31, 2020
Deferred tax liabilities (net)	725	
	725	**-**

Significant components and movement in deferred tax assets and liabilities during the year:

Reconciliation of deferred tax liabilities (net):

	Amortisation of intangibles
April 01, 2020	-
Acquisition of business (Refer note 44)	777
Recognised in Profit or loss	(53)
Recognised in foreign current translation reserve	1
March 31, 2021	**725**

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

(All amounts in ₹ lakhs, unless otherwise stated)

11 Investments

Carried at fair value through statement of profit and loss

	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Units in lakhs	Units in lakhs	Amount	Amount
Current				
Franklin Templeton - TMA Super IP - Growth	-	*	-	269
ICICI Prudential - short term - Growth #	9	9	405	372
ICICI Prudential - short term fund - Growth	-	20	-	913
ICICI Prudential - Savings Fund - Growth	-	11	-	4,227
Kotak - Banking & PSU Debt fund - Growth	-	19	-	915
L&T - Banking & PSU Debt fund - Growth	-	91	-	1,641
Axis - Treasury Advantage Fund - Growth	1	-	2,954	-
HDFC - Ultra short term fund - Growth	756	-	9,028	-
IDFC - Ultra short term fund - Growth	365	-	4,368	-
Kotak - Savings Fund - Growth	210	-	7,282	-
Aditya Birla - Savings Fund - Growth	16	-	6,759	-
ICICI Prudential - Ultra short term fund - Growth	301	-	6,865	-
ICICI Prudential - Liquid Fund - Growth	5	-	1,487	-
			39,148	**8,337**

Note:

9 lakhs units of mutual funds of ICICI prudential mutual fund (March 31, 2020 - 9 lakhs units) is pledged with RBL Bank as security towards packing credit facilities availed by the Company for the year ended March 31, 2021.

* Units are not presented as they are below the rounding off norms adopted by the Group.

Aggregate book value of quoted investments	39,148	8,337
Aggregate market value of quoted investments	39,148	8,337
Aggregate value of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

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

(All amounts in ₹ lakhs, unless otherwise stated)

12 Trade receivables

Carried at amortised cost

	March 31, 2021	March 31, 2020
Current		
Trade receivables - others	12,192	11,487
Total trade receivables	**12,192**	**11,487**
Break-up for security details		
Secured, considered good	-	-
Unsecured, considered good	13,593	12,772
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	1,510
	13,593	**14,282**
Impairment allowance		
Secured, considered good	-	-
Unsecured, considered good	(1,401)	(1,285)
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	(1,510)
Trade receivables net of impairment	**12,192**	**11,487**

(i) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

(ii) Trade receivables are non-interest bearing and are generally on terms of 10 to 100 days.

(iii) For terms and conditions relating to related party receivables refer note 38.

13 Cash and cash equivalents

	March 31, 2021	March 31, 2020
Balances with banks:		
- in current accounts	4,179	1,431
- in EEFC accounts	2,029	1,922
Deposits with original maturity of less than three months - refer note below	2,375	1,000
	8,583	**4,353**

Note:

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates

14 Bank and bank balance other than cash and cash equivalents

	March 31, 2021	March 31, 2020
Fixed deposit with maturity of more than 12 months	2,940	10,185
Margin money deposits - refer note (i) below	2,995	4,422
	5,935	**14,607**
(i) Margin money deposit is used to secure:		
Working capital facility and bank overdrafts	2,100	3,600
MTM shortfall	-	40
Guarantees given	895	782

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

(All amounts in ₹ lakhs, unless otherwise stated)

15 Share Capital

Equity share capital

i) Authorised share capital

	Numbers	Amount
Equity share capital of ₹ 2 each		
As at April 01, 2019	**5,00,00,000**	**1,000**
Increase during the year	-	-
As at March 31, 2020	**5,00,00,000**	**1,000**
Increase during the year - refer note below	17,93,00,000	3,586
As at March 31, 2021	**22,93,00,000**	**4,586**

On April 29, 2020, the Board of Directors of the Company increased the authorised share capital of the Company to ₹ 4,586 lakhs divided into 22,93,00,000 equity shares of ₹ 2 each. Refer note 16 for reclassification of preference shares into equity shares.

ii) Issued, subscribed and fully paid up Equity share capital

	Numbers	Amount
Equity share capital of ₹ 2 each, fully paid up		
As at April 01, 2019	**2,98,33,252**	**597**
Conversion of preference shares during the year - refer note (1) below	1,22,25,000	245
Issue of shares by trust - refer note (2) below	18,40,925	37
As at March 31, 2020	**4,38,99,177**	**879**
Conversion of preference shares during the year - refer note (1) below	9,08,47,235	1,817
Issue of shares by trust - refer note (2) below	4,10,386	8
Issued during the year - refer note (3) below	66,26,506	133
At March 31, 2021	**14,17,83,304**	**2,837**

(1) During the year ended March 31, 2021, 5,57,345 (March 31, 2020 - 75,000) Series A 14% Non Cumulative Compulsorily Convertible Preference Shares (CCPS) were converted into equity at a ratio of 1:163.

(2) During the year ended March 31, 2021, Employee Benefit Trust (EBT) issued 4,10,386 (March 31, 2020 - 18,40,925) equity shares to the employees upon exercise of employee stock options.

(3) During the year ended March 31, 2021, the Company has allotted 66,26,506 (March 31, 2020 - Nil) equity shares of face value ₹ 2 each, at a premium of ₹ 164 per share for cash as a part of an initial public offering vide board resolution dated September 15, 2020. Transaction costs pertaining to the issue have been debited to securities premium account.

(iii) Terms/ rights attached to equity shares

The Company has a single class of equity share of par value ₹ 2 each. Each holder of the equity shares is entitled to one vote per share and carries a right to dividends as and when declared by the Company.

In the event of liquidation of the Company, the holders of equity shares, will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts.

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

(All amounts in ₹ lakhs, unless otherwise stated)

(iv) Details of shareholders holding more than 5% shares in the Company: -

	March 31, 2021		March 31, 2020	
	No of Shares	Holding percentage	No of Shares	Holding percentage
Equity shares of ₹ 2 each fully paid				
Mr. Ashok Soota (Promoter)	6,00,61,701	42.36%	1,55,43,017	35.41%
Ashok Soota Medical Research LLP	1,79,48,784	12.66%	1,22,25,000	27.85%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownership of shares.

(v) The Company has not issued any bonus shares or shares for consideration other than cash during the period of five years immediately preceding the reporting date.

16 Instrument entirely in the nature of equity

i) Authorised share capital

	Numbers	Amount
Series A 14% Non Cumulative Compulsorily Convertible Preference Shares (CCPS) of ₹ 652 each		
As at April 01, 2019	**7,50,000**	**4,890**
Increase during the year	-	-
As at March 31, 2020	**7,50,000**	**4,890**
Decrease during the year - refer note below	(5,50,000)	(3,586)
As at March 31, 2021	**2,00,000**	**1,304**

On April 29, 2020, the Board of Directors of the Company reduced the authorised share capital of the Company to ₹ 1,304 lakhs divided into 200,000 preference shares of ₹ 652 each. Refer note 15 for reclassification of preference share into equity shares.

ii) Issued, subscribed and fully paid up Non cumulative compulsorily convertible preference share capital

	Numbers	Amount
Series A 14% Non Cumulative Compulsorily Convertible Preference Shares (CCPS) of ₹ 652 each		
As at April 01, 2019	**3,42,073**	**2,230**
Increase on account of modification of CCPS - refer note 16 (iii) (b) & (c)	2,90,272	1,893
Conversion into equity shares during the year - refer note 15 (ii) (3)	(75,000)	(489)
As at March 31, 2020	**5,57,345**	**3,634**
Conversion into equity shares during the year - refer note (15) (ii) (3)	(5,57,345)	(3,634)
As at March 31, 2021	-	-

(iii) Terms/ rights attached to convertible preference shares

(a) Each holder of CCPS is entitled to receive a preferential non-cumulative dividend at 14% per annum on the par value of each share if declared by the Board Of Directors. Holders of CCPS shall receive preferential dividend in preference to dividend payable on equity shares and shall not participate in any further dividends declared on equity shares. Preference shareholders are also entitled to vote in the shareholders meeting.

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

(All amounts in ₹ lakhs, unless otherwise stated)

Holders of Series A 14% Non Cumulative Compulsorily Convertible Preference Shares (CCPS) are entitled to participate in the surplus proceeds (which is subject to a limit of two times the amount invested) from the Liquidation Event, if any, on a pro-rata basis along with all other holders of Equity Shares on a fully diluted basis.

The holders of the preference share at their option can require the Company to convert all or a part of Series A preference shares held by them into equity shares at any time during the conversion period in according to the conversion ratio defined in the agreement (i.e. 1:163)

All the preference shares shall be converted into equity shares in the ratio of 1:163 on occurrence of the following event:

1- On Expiry of the conversion period.

2- Later of (a) Date of filing Red herring prospectus with SEBI (b) Such other date as may be permitted by law in connection with Qualified IPO.

3- Upon the holders of a majority of the investors shares exercising the conversion right with respect to preference shares held by them

The investors (other than promoters) had an exit option including the buyback by the Company, if the Company's securities were not listed on any stock exchange pursuant to successful Qualified IPO undertaken by the Company. Considering the investors had cash settlement alternatives which was not under the control of the Company, the CCPS held by the investors were classified as liability till year ended March 31, 2019. The terms of the entire CCPS was modified during the year ended March 31, 2020 resulting into equity classification. Refer note (b) and (c) below.

(b) Pursuant to Share Purchase Agreement entered on July 1, 2019 between Intel Capital Corporation ("Intel") and Mr. Ashok Soota, Intel has sold 1,23,099 CCPS to Mr. Ashok Soota. Upon such transfer, the existing CCPS classified as liability was treated as instruments entirely in the nature of equity.

(c) On March 25, 2020, CMDB II had waived its right for exit option including the buyback for 1,67,173 CCPS. Upon aforesaid waiver of rights, the existing CCPS classified as liability were treated as instruments entirely in nature of equity. These CCPS on date of modification were accounted at fair value. There was no gain/loss on derecognition of liability.

(iv) Details of shareholders holding more than 5% shares in the Company: -

	March 31, 2021		March 31, 2020	
	No of Shares	Holding percentage	No of Shares	Holding percentage
Series A 14% Non Cumulative Compulsorily Convertible Preference Shares				
Mr. Ashok Soota (Promoter)	-	0.00%	3,59,601	64.52%
CMDB II	-	0.00%	1,67,173	29.99%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownership of shares.

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

(All amounts in ₹ lakhs, unless otherwise stated)

c) Treasury shares

	No of shares
As at April 01, 2019	**73,31,563**
Issue for cash on exercise of share options	(18,40,925)
As at March 31, 2020	**54,90,638**
Issue for cash on exercise of share options	(4,10,386)
As at March 31, 2021	**50,80,252**

(i) For terms/ rights attached to treasury shares refer note 15 (iii) above

17 Other equity

		March 31, 2021	March 31, 2020
Securities premium account		40,454	27,781
Retained earnings		10,550	(5,597)
Cash flow hedge reserve		379	(730)
Foreign currency translation reserve		18	110
Share options outstanding reserve		361	454
		51,762	**22,018**
a)	**Securities premium account**		
	Opening balance	**27,781**	**18,602**
	Conversion of preference shares during the year - refer note (15) (ii) (1)	1,817	245
	Change on account of modification of preference shares - refer note (16) (iii) (b) and (16) (iii) (c)	-	24,481
	Increase during the year - refer note (15) (ii) (c)	10,867	-
	Transaction costs on issue of shares - refer note (15) (ii) (c)	(456)	-
	Exercise of share option by employees	64	405
	Transferred from ESOP reserve for options exercised	381	-
	Reduction of capital - refer note (i) below	-	(15,952)
	Closing balance	**40,454**	**27,781**
b)	**Retained earnings**		
	Opening balance	**(5,597)**	**(28,633)**
	Profit for the year	16,246	7,171
	Other comprehensive income recognised directly in retained earnings	(108)	(139)
	Reduction of capital - refer note (i) below	-	15,952
	Transferred from share option outstanding reserve for options forfeited	9	52
	Closing balance	**10,550**	**(5,597)**
c)	**Cash flow hedge reserve**		
	Opening balance	**(730)**	**237**
	Net movement on effective portion of cash flow hedges - refer note 36	1,109	(967)
	Closing balance	**379**	**(730)**

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

(All amounts in ₹ lakhs, unless otherwise stated)

		March 31, 2021	March 31, 2020
d)	**Foreign currency translation reserve**		
	Opening balance	**110**	**122**
	Additions during the period	22	(12)
	Reclassified to profit or loss on liquidation of subsidiary-refer note (ii) below	(114)	-
	Closing balance	**18**	**110**
e)	**Share options outstanding reserve**		
	Opening balance	**454**	**240**
	Employee compensation expense for the year - refer note 43	297	266
	Transferred to retained earnings for options forfeited	(9)	(52)
	Transferred to securities premium for options exercised	(381)	-
	Closing balance	**361**	**454**

Note

(i) Capital reduction

The Parent Company had filed for capital reduction through National Company Law Tribunal ("NCLT") and received an approval vide order dated November 5, 2019 for writing off the accumulated losses of the Parent Company being the debit balance of Profit and Loss Account as appearing in the Standalone Financial Statements of the Parent Company as at March 31, 2018 prepared under previous GAAP ("Indian GAAP") with Securities Premium. The accumulated losses of the Parent Company as at March 31, 2018 was ₹ 17,233 lakhs and during the year ended March 31, 2019, the Parent Company had earned a profit of ₹ 1,281 lakhs under Indian GAAP and the accumulated balance in Profit and Loss Account as at March 31, 2019 was ₹ 15,952 lakhs. This balance has been written off during the year ended March 31, 2020.

(ii) Liquidation of subsidiary

The Group has liquidated its subsidiary i.e. Happiest Minds Technologies LLC during the year ended March 31, 2021. Pursuant to such liquidation, the cumulative balance lying in foreign currency translation reserve has been reclassified to statement of profit and loss. Refer note 45.

(iii) Nature and purpose of other reserves

a) **Securities premium account :**
Securities premium account has been created consequent to issue of shares at premium. The reserve can be utilised in accordance with the provisions of the Companies Act 2013.

b) **Retained earnings :**
Retained earnings comprises of prior and current year's undistributed earnings/accumulated losses after tax.

c) **Cash flow hedge reserve :**
The Group uses foreign currency forward contracts to hedge the highly probable forecasted transaction and interest rate swaps to hedge the interest rate risk associated with foreign currency term loan. The effective portion of fair value gain/loss of the hedge instrument is recognised in the cash flow hedge reserve. Amounts recognised in the cash flow hedge reserve is reclassified to the Statement of Profit and Loss when the hedged item affects profit or loss.

d) **Foreign currency translation reserve :**
Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to statement of profit and loss when the net investment is disposed-off.

e) **Share options outstanding reserve :**
The share options based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee stock option plan.

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

(All amounts in ₹ lakhs, unless otherwise stated)

18 Borrowings

Carried at amortised cost

	March 31, 2021	March 31, 2020
Non current		
Secured		
Foreign currency term loan from bank - refer note (a) below	5,658	927
	5,658	**927**
Less: Current maturity of term loans	(1,997)	(795)
Total non-current borrowings	**3,661**	**132**
Current		
Secured		
Loans repayable on demand from banks		
Foreign currency loan (PCFC) - refer note (b) and (c) below	10,972	6,916
Total current borrowings	**10,972**	**6,916**

Notes

(a) Foreign currency term loan of ₹ 6,025 lakhs (USD 8.25 million) million from Federal bank carries a fixed interest rate of 3.45% per annum. The loan is repayable in 36 equal monthly instalments commencing from February 28, 2021. The loan is secured by the way of exclusive charge on movable fixed assets of the Parent Company (excluding leased asset charged to Hewlett packard and also by lien on fixed deposit equivalent to two months instalments plus interest. The loan is raised exclusively for funding the acquisition of Happiest Minds Inc. (formerly known as PGS Inc.)

Foreign currency term loan from RBL bank carries a floating interest rate of 6m Libor + 3.1%. The loan is repayable in 45 equal monthly instalments from the date of its origination, viz., May 26, 2017, with a moratorium of 3 months. The loan is secured by charge on movable assets and also by lien on fixed deposit equivalent to two months instalments. Further, floating interest on loan has been hedged through USD interest rate swap resulting in a fixed interest rate of 6.5% p.a. The entire loan is repaid during the year ended March 31, 2021.

(b) PCFC loan taken from Kotak Mahindra carries an interest rate ranging 1.25 % to 3.76 % p.a. (March 31, 2020 - 4.20 % to 5.74 % p.a.) and is repayable on demand.

PCFC loan taken from RBL bank carries an interest rate ranging 1.90% to 4.07% p.a. (March 31, 2020 - 3.98% to 5.68% p.a.) and is repayable on demand.

PCFC loan taken from Federal bank carries an interest rate of 2.3% p.a. (March 31, 2020 - Nil) and is repayable on demand.

PCFC loan taken from ICICI bank carries an interest rate of 2.3% p.a. (March 31, 2020 - Nil) and is repayable on demand.

(c) PCFC are fully secured by the way of pari-passu charge on current assets of the Parent Company and also by the way of lien on mutual funds to the extent of ₹ 405 lakhs (March 31, 2020 - ₹ 372 lakhs) (refer note 11) and fixed deposits to the extent of ₹ 600 lakhs (March 31, 2020 - ₹ 600 lakhs) (Refer note 14).

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

(All amounts in ₹ lakhs, unless otherwise stated)

The table below details change in the Group's liabilities arising from financing activities, including both cash and non-cash changes

	Series A 14% Non Cumulative compulsorily convertible preference shares	Non-current borrowings	Current borrowings*
As at April 01, 2019	**26,322**	**1,579**	**6,012**
Financing cash flows (net)	-	(755)	430
Non cash movements:			
Fair value changes and others	52	9	-
Foreign exchange difference	-	94	474
Reclassified to equity on account of modification - refer note 16 (iii) (b) & (iii) (c)	(26,374)	-	-
As at March 31, 2020	**-**	**927**	**6,916**
Financing cash flows (net)	-	4,768	4,213
Non cash movements:			
Fair value changes and others	-	(32)	-
Foreign exchange difference	-	(5)	(157)
As at March 31, 2021	**-**	**5,658**	**10,972**

* includes net inflow/ (outflow) pertaining to bank overdraft which is shown as a part of cash and cash equivalent for the purpose of cash flow statements.

19 Lease liabilities

Carried at amortised cost

	March 31, 2021	March 31, 2020
Non current		
Lease liabilities	2,645	3,547
	2,645	**3,547**
Less: Current maturity of lease liabilities	(1,422)	(1,816)
Total non-current Lease liabilities	**1,223**	**1,731**
Current		
Lease liabilities	1,422	1,816
Total current lease liabilities	**1,422**	**1,816**

(i) Movement in lease liabilities for year ended March 31, 2021 and March 31, 2020:

	March 31, 2021	March 31, 2020
Balance at beginning of the year	3,547	4,546
Additions	1,052	706
Finance cost incurred during the period - refer note 29	328	414
Payment of lease liabilities	(2,290)	(2,124)
Exchange difference	8	5
Balance at the end of the year	**2,645**	**3,547**

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

(All amounts in ₹ lakhs, unless otherwise stated)

(ii) **The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 and March 31, 2020**

	March 31, 2021	March 31, 2020
Less than one year	1,600	2,097
One to five years	1,328	1,898
More than five years	-	-

(iii) The Group had total cash outflows of ₹ 1,989 lakhs during the year ended March 31, 2021 (March 31, 2020 - ₹ 2,124 lakhs) for leases recognized in balance sheet. The Group has made a non-cash addition to right-of-use assets and lease liabilities of ₹ 1,052 lakhs during the year ended March 31, 2021 (March 31, 2020 - ₹ 706 lakhs).

20 Other financial liabilities

	March 31, 2021	March 31, 2020
Non-Current		
Carried at fair value through profit or loss		
Contingent consideration	2,455	-
	2,455	**-**
Current		
Carried at amortised cost		
Current maturity of term loan - refer note 18	1,997	795
Employee related liabilities	3,584	4,853
	5,581	**5,648**
Carried at fair value through profit or loss		
Contingent consideration	1,276	-
	1,276	**-**
Carried at fair value through Other Comprehensive Income		
Cash flow hedges		
Foreign currency forward contracts	17	749
Total financial liabilities at fair value through Other Comprehensive Income	**17**	**749**
Total other financial liabilities	**6,874**	**6,397**

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

(All amounts in ₹ lakhs, unless otherwise stated)

21 Provisions

	March 31, 2021	March 31, 2020
Non-current		
Provision for gratuity - refer note 34	1,653	1,255
	1,653	**1,255**
Current		
Provision for gratuity - refer note 34	240	240
Provision for compensated absence	1,243	941
Other provisions		
Provision for warranty	25	65
	1,508	**1,246**
Movement during the year - Provision for warranty		
Balance as at April 01, 2019		7
Arising during the year		60
Utilised/ reversed during the year		(2)
Balance as at March 31, 2020		**65**
Arising during the year		-
Utilised/ reversed during the year		(40)
Balance as at March 31, 2021		**25**

22 Contract liability

	March 31, 2021	March 31, 2020
Current		
Unearned revenue - refer note (i) below	1,072	818
	1,072	**818**

(i) The Group has rendered the service and have recognised the revenue of ₹ 768 lakhs (March 31, 2020: ₹ 857 lakhs) during the year from the unearned revenue balance at the beginning of the year.

23 Trade payables

Carried at amortised cost

	March 31, 2021	March 31, 2020
Total outstanding dues of micro enterprises and small enterprises - refer note (iii) below	95	12
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,006	3,430
	4,101	**3,442**

Terms and conditions of above trade payables:

(i) Trade payables are non-interest bearing and are normally settled on 0 to 30 days terms.

(ii) For explanation of Group's credit risk management - refer note 36

(iii) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 - refer below note

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

(All amounts in ₹ lakhs, unless otherwise stated)

Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006

Particular	March 31, 2021	March 31, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
Principal amount due to micro and small enterprises	95	12
Interest due on the above	-	-
(i) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(ii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(iii) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(iv) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	-	-
(iv) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	-	-

24 Other liabilities

	March 31, 2021	March 31, 2020
Current		
Statutory dues payable	1,481	506
Other payables	449	25
	1,930	**531**

25 Revenue from contract with customers

	For the year ended	
	March 31, 2021	March 31, 2020
Sale of service	77,306	69,760
Sale of licenses	35	61
	77,341	**69,821**

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

(All amounts in ₹ lakhs, unless otherwise stated)

25.1 Disaggregated revenue information

Segment	For the year ended March 31, 2021			
	Infrastructure Management & Security Services	Digital Business Solutions	Product Engineering Services	Total
Revenue from contract with customers	16,421	21,288	39,632	77,341
Total revenue from contracts with customers	**16,421**	**21,288**	**39,632**	**77,341**
India	6,078	2,103	2,283	10,464
Outside India	10,343	19,186	37,348	66,877
Total revenue from contracts with customers	**16,421**	**21,289**	**39,631**	**77,341**
Timing of revenue recognition				
Licenses transferred at a point in time	-	35	-	35
Services transferred over time	16,423	21,255	39,628	77,306
Total revenue from contracts with customers	**16,423**	**21,290**	**39,628**	**77,341**

Segment	For the year ended March 31, 2020			
	Infrastructure Management & Security Services	Digital Business Solutions	Product Engineering Services	Total
Revenue from contract with customers	15,361	19,167	35,293	69,821
Total revenue from contracts with customers	**15,361**	**19,167**	**35,293**	**69,821**
India	5,192	951	2,191	8,334
Outside India	10,168	18,213	33,106	61,487
Total revenue from contracts with customers	**15,360**	**19,164**	**35,297**	**69,821**
Timing of revenue recognition				
Licenses transferred at a point in time	13	48	-	61
Services transferred over time	15,348	19,116	35,296	69,760
Total revenue from contracts with customers	**15,361**	**19,164**	**35,296**	**69,821**

25.2 Contract balances

	March 31, 2021	March 31, 2020
Trade receivables	12,192	11,487
Contract assets	5,841	4,471
Contract liability	1,072	818

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

(All amounts in ₹ lakhs, unless otherwise stated)

25.3 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

	For the year ended	
	March 31, 2021	March 31, 2020
Revenue as per contract price	77,800	69,910
Discount	(459)	(89)
Revenue from contract with customers	**77,341**	**69,821**

The Group has applied practical expedient as given in Ind AS 115 for not disclosing the remaining performance obligation for contracts that have original expected duration of one year or lesser. The Group have fixed price contracts for a period of more than one year, the remaining performance obligation for these contracts is ₹ 7,089 lakhs (March 31, 2020: ₹ 10,295 lakhs). The revenue for remaining performance obligation is expected to be recognised over period of 1-4 years (March 31, 2020: 1-4 years,).

26 Other income

	For the year ended	
	March 31, 2021	March 31, 2020
Interest income on:		
Deposits with bank	709	369
Income tax refund	49	26
Financial instrument measured at amortised cost	80	71
	838	**466**
Fair value gain on investment measured at FVTPL	184	121
Gain on sale of investments measured at FVTPL	671	455
Exchange gain	79	518
Settlement claim - refer note (i) below	212	-
Rent concession - refer note (ii) below	302	-
Gain on liquidation of subsidiary - refer note 45	82	-
Miscellaneous income	56	42
	1,586	**1,136**
	2,424	**1,602**

Note:

(i) The Group had entered into Membership Interest Purchase Agreement on May 29, 2017 to acquire interest in OSS Cube LLC. As per terms of Membership Interest Purchase Agreement, the sellers of OSS Cube LLC had to pay ₹ 100 lakhs towards shortfall in working capital and accounts receivable for which the Group made a claim with the sellers through US attorneys in May 2018. The Counsel representing sellers responded in June 2018, admitting the claim to the extent of ₹ 63 lakhs and have made a counterclaim of ₹ 558 lakhs for breach of earn-out/contingent payment. On April 15, 2020, a settlement was reached and settlement agreement has been entered by both the parties wherein the sellers have agreed to pay ₹ 212 lakhs (USD 2,80,000) over an agreed period of time and all claims by the seller have been relinquished.

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

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

(All amounts in ₹ lakhs, unless otherwise stated)

financial condition, cash flows, and results of operations for the period in which the effect becomes reasonably estimable. The Group received settlement amount of ₹ 212 lakhs (USD 2,80,000) from OSS Cube LLC wide settlement and mutual release agreement signed on April 15, 2020 which was recorded by the Group in the Profit and Loss Statement.

(ii) During the year ended March 31, 2021, there is a rent concession allowed as a direct consequence of the Covid-19 pandemic. Rent concession has resulted in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change. Reduction in lease payments affect only payments originally due on or before the June 30, 2021 and there is no substantive change to other terms and conditions of the lease. As a practical expedient, the Group has elected not to assess rent concession as a lease modification. The Group has accounted the change in lease payments resulting from rent concession in the same way as it would account for the change under Ind AS 116, if the change were not a lease modification.

27 Employee benefits expense

	For the year ended	
	March 31, 2021	March 31, 2020
Salaries, wages and bonus	41,522	41,089
Contribution to provident fund	2,087	1,905
Employee stock compensation expense - refer note 43	297	266
Gratuity expense - refer note 34	409	317
Compensated absences	689	382
Staff welfare expenses	234	164
	45,238	**44,123**

28 Depreciation and amortisation expense

	For the year ended	
	March 31, 2021	March 31, 2020
Depreciation of property, plant and equipment - refer note 3	88	167
Amortisation of intangible assets - refer note 4	255	191
Depreciation of right-of-use assets - refer note 5	1,931	1,665
	2,274	**2,023**

29 Finance costs

	For the year ended	
	March 31, 2021	March 31, 2020
Interest expense on:		
Borrowings	341	336
Lease liabilities - refer note 19	328	414
Fair value loss on Compulsorily Convertible Preference Shares (CCPS)	-	52
Fair value loss on contingent consideration	28	-
	697	**802**

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

(All amounts in ₹ lakhs, unless otherwise stated)

30 Other expenses

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

(i) Payment to auditors:

	For the year ended	
	March 31, 2021	March 31, 2020
As auditor:		
Audit fee	70	30
In other capacity		
Certification fees	9	3
Reimbursement of expenses	2	2
	81	**35**

(ii) Rent expense recorded under other expenses are lease rental for short-term leases

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

(All amounts in ₹ lakhs, unless otherwise stated)

31 Exceptional items

	For the year ended	
	March 31, 2021	March 31, 2020
Impairment of goodwill - refer note 4	-	1,126
	-	**1,126**

32 Income tax expense/(income)

	For the year ended	
	March 31, 2021	March 31, 2020
a) Statement of profit and loss		
Current tax	3,527	172
Adjustment of tax relating to earlier periods	-	18
Deferred tax credit	(1,171)	-
Income tax expense/(income)	**2,356**	**190**
b) Statement of other comprehensive income		
On net movement on effective portion of cash flow hedges	(127)	-
On re-measurement losses on defined benefit plans	36	-
	(91)	**-**
Reconciliation of tax expense and tax based on accounting profit:		
Profit before income tax expense	18,602	7,361
Tax at the Indian tax rate of 25.17% (March 31, 2020 : 25.17%)	4,682	1,853
Tax effect of:		-
Utilisation of previous year losses for which no deferred tax was created	(400)	(2,260)
Deferred tax recognised during the year net of reversal of temporary difference	(1,831)	-
Deferred tax not recognised on current year losses	-	11
Deferred tax not recognised on current year temporary difference	-	324
Effect on change in rates	(8)	225
Others	(87)	37
Income tax expense	**2,356**	**190**

33 Earnings per share ['EPS']

The following reflects the income and share data used in the basic and diluted EPS computations:

	For the year ended	
	March 31, 2021	March 31, 2020
Profit after tax attributable to equity holders of the Parent Company (a) (₹ in lakhs)	16,246	7,171
Weighted average number of shares outstanding during the year for basic EPS (b)	13,82,98,186	10,17,92,647
Weighted average number of shares outstanding during the year for diluted EPS (c)	14,18,87,367	13,36,88,639
Basic Earning per share (in ₹) (a/b)	11.75	7.04
Diluted Earnings per share (in ₹) (a/c)	11.45	5.36
Equity shares reconciliation for EPS		
Equity shares outstanding	12,27,00,079	3,09,71,750
CCPS convertible into Equity shares	1,55,98,107	7,08,20,897
Total considered for Basic EPS	**13,82,98,186**	**10,17,92,647**
Add: ESOP options / CCPS	35,89,181	3,18,95,992
Total considered for diluted shares	**14,18,87,367**	**13,36,88,639**

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

(All amounts in ₹ lakhs, unless otherwise stated)

34 Employee benefits plan

(i) Defined contribution plans - Provident Fund

The Group makes contributions for qualifying employees to Provident Fund and other defined contribution plans. During the year, the Group recognised ₹ 2,087 lakhs (March 31, 2020 : ₹ 1,905 lakhs) towards defined contribution plans.

(ii) Defined benefit plans (funded):

The Group provides for gratuity for employees in India as per the Payment of Gratuity (Amendment) Act, 2018. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The Gratuity plan of the Group is funded with qualifying life insurance Company.

Gratuity is a defined benefit plan and Group is exposed to the Following Risks:

Interest risk	A decrease in the bond interest rate will increase the plan liability.
Investment Risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

	March 31, 2021	March 31, 2020
Current	240	240
Non-current	1,652	1,255
	1,893	**1,495**

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

(All amounts in ₹ lakhs, unless otherwise stated)

The following table sets out movement in defined benefits liability and the amount recognised in the financial statements:

Changes in the defined benefit obligation and fair value of plan assets for the year ended March 31, 2021:

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 01, 2020	**1,539**	**44**	**1,495**
Current Service cost	322	-	322
Net interest expense/(income)	89	3	86
Total amount recognised in statement of profit and loss	**411**	**3**	**408**
Benefits paid	(99)	(99)	-
Remeasurement			
Return on plan assets	-	2	(2)
Actuarial changes arising from changes in demographic assumptions	(7)	-	(7)
Actuarial changes arising from changes in financial assumptions	160	-	160
Experience adjustments	(7)	-	(7)
Total amount recognised in other comprehensive income	**146**	**2**	**144**
Contributions by employer	-	154	(155)
As at March 31, 2021	**1,997**	**104**	**1,893**

Changes in the defined benefit obligation and fair value of plan assets for the year ended March 31, 2020:

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 01, 2019	**1,200**	**40**	**1,160**
Current Service cost	239	-	239
Net interest expense/(income)	81	3	78
Total amount recognised in statement of profit and loss	**320**	**3**	**317**
Benefits paid	**(119)**	**(119)**	**-**
Remeasurement			
Return on plan assets	-	(1)	1
Actuarial changes arising from changes in demographic assumptions	127	-	127
Actuarial changes arising from changes in financial assumptions	(118)	-	(118)
Experience adjustments	129	-	129
Total amount recognised in other comprehensive income	**138**	**(1)**	**139**
Contributions by employer	-	121	(121)
As at March 31, 2020	**1,539**	**44**	**1,495**

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

(All amounts in ₹ lakhs, unless otherwise stated)

The major categories of plan assets of the fair value of the total plan assets are as follows:

	March 31, 2021	March 31, 2020
Insurance fund	104	44
Total	**104**	**44**

The principal assumptions used in determining gratuity benefit obligations for the Group's plans are shown below:

	March 31, 2021	March 31, 2020
Discount rate	5.58%	5.76%
Expected return on plan assets	5.58%	5.76%
Future salary increases	11.00% p.a. for the next 1 year, 7.00% p.a. for the next 2 years, starting from the 2nd year 9.00 p.a. thereafter, starting from the 4th year	3.00% p.a. for the next 2 years, 6.00% p.a. for the next 2 years, starting from the 3rd year 9.00% p.a. thereafter, starting from the 5th year
Employee turnover	20.00%	19.70%
Mortality	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

A quantitative sensitivity analysis for significant assumptions are as shown below:

	Sensitivity Level	March 31, 2021		March 31, 2020	
		Defined benefit obligation on increase/decrease in assumptions			
		Increase	Decrease	Increase	Decrease
Discount rate	1% increase / decrease	(87)	96	(65)	71
Future salary increase	1% increase / decrease	91	(85)	70	(65)
Attrition rate	1% increase / decrease	(28)	30	(17)	18

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance Sheet.

The following payments are expected cash flows to the defined benefit plan in future years:

Expected contributions to defined benefits plan for the year ended March 31, 2021 is ₹ 240 lakhs (March 31, 2020: ₹ 899 lakhs). The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (March 31, 2020: 6 years). The expected maturity analysis of undiscounted gratuity is as follows:

	March 31, 2021	March 31, 2020
Within the next 12 months	294	250
Between 2 and 5 years	1,000	774
Between 6 and 10 years	751	571
Beyond 10 years	645	481

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

(All amounts in ₹ lakhs, unless otherwise stated)

35 Fair value measurement

i) The carrying value of financial assets by categories is as follows:

	March 31, 2021	March 31, 2020
Measured at Fair Value Through Other Comprehensive Income (FVOCI)		
Foreign currency forward contracts	523	5
Interest rate swaps	-	14
Total financial assets measured at FVOCI	**523**	**19**
Measured at Fair Value Through Statement of Profit and Loss (FVTPL)		
Investment in mutual funds	39,148	8,337
Total financial assets measured at FVTPL	**39,148**	**8,337**
Measured at amortised cost		
Security deposits	1,147	803
Loans to employees	14	64
Other financial assets - others	8,036	4,919
Trade receivables	12,192	11,487
Bank and bank balance other than cash and cash equivalents	5,935	14,607
Cash and cash equivalents	8,583	4,353
Total financial assets measured at amortised cost	**35,907**	**36,233**
Total financial assets	**75,578**	**44,589**

ii) The carrying value of financial liabilities by categories is as follows:

	March 31, 2021	March 31, 2020
Measured at fair value through other profit or loss (FVTPL)		
Contingent consideration	3,731	-
Total financial liabilities measured at FVTPL	**3,731**	-
Measured at fair value through other comprehensive income (FVOCI)		
Foreign currency forward contracts	17	749
Total financial liabilities measured at FVOCI	**17**	**749**
Measured at amortised cost		
Foreign currency term loan	5,658	927
Lease liabilities	2,645	3,547
Bank overdraft and cash credit	10,972	6,916
Trade payables	4,101	3,442
Other financial liabilities	3,584	4,853
Total financial liabilities measured at amortised cost	**26,960**	**19,685**
Total financial liabilities	**26,977**	**20,434**

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

(All amounts in ₹ lakhs, unless otherwise stated)

iii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
	March 31, 2021			
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	523	-	523
Measured at fair value through statement of profit and loss (FVTPL)				
Investment in mutual funds	39,148	-	-	39,148
Total financial asset measured at fair value	**39,148**	**523**	**-**	**39,671**
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	17	-	17
Measured at fair value through statement of profit and loss (FVTPL)				
Contingent consideration	-	-	3,731	3,731
Total financial liabilities measured at fair value	**-**	**17**	**3,731**	**3,748**

	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
	March 31, 2020			
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	5	-	5
Interest rate Swaps	-	14	-	14
Measured at fair value through statement of profit and loss (FVTPL)				
Investment in mutual funds	8,337	-	-	8,337
Total financial asset measured at fair value	**8,337**	**19**	**-**	**8,356**
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	749	-	749
Total financial liabilities measured at fair value	**-**	**749**	**-**	**749**

Notes:

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

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

(All amounts in ₹ lakhs, unless otherwise stated)

a) In respect of investments in mutual funds, the fair value represents net assets value (NAV) as stated by the fund house in their published statements.

b) The Group has entered into foreign currency forward contract to hedge the highly probable forecast transaction and interest rate swap to hedge the foreign currency term loan. The derivative financial instrument is entered with the financial institutions with investment grade ratings. Interest rate swaps and foreign exchange forward contracts are valued based on valuation models which include use of market observable inputs, the mark to market valuation is provided by the financial institution as at reporting date. The valuation of derivative contracts are categorised as level 2 in fair value hierarchy disclosure.

c) The management assessed that cash and cash equivalent, trade receivables, trade payables, other financial assets-others (current), other financial liability (current), bank overdraft and cash credit, lease liabilities (current) and loans to employees approximates their fair value largely due to short-term maturities of these instruments. Further the management also estimates that the carrying amount of foreign currency term loan at floating interest rates and fixed interest rates are the reasonable approximation of their fair value and the difference between carrying amount and their fair value is not significant.

d) The Group has value Warrant liability by using the discounted cash flow approach.

e) The fair value of remaining financial instruments are determined on transaction date based on discounted cash flows calculated using lending/ borrowing rate. Subsequently, these are carried at amortized cost. There is no significant change in fair value of such liabilities and assets.

For financial assets carried at fair value, their carrying amount are equal to their fair value.

Valuation Inputs and relationship to fair value

	Level 3 inputs	Weighted range	Sensitivity
	March 31, 2021		
Contingent consideration	Standard deviation on revenue and EBIDTA growth	5%	Increase and decrease in standard deviation by 1% would decrease contingent consideration by ₹ 177 lakhs and increase contingent consideration by ₹ 225 lakhs.
	Discount rate	3%	Increase and decrease in discount rate by 1% would decrease contingent consideration by ₹ 70 lakhs and increase contingent consideration by ₹ 72 lakhs.

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

(All amounts in ₹ lakhs, unless otherwise stated)

36 Financial risk management

The Group’s principal financial liabilities comprise of borrowings, lease obligation, trade and other payables. The main purpose of these financial liabilities is to finance the Group’s operations. The Group’s principal financial assets include security deposits, investments, trade and other receivables and cash and cash equivalents that is derived directly from its operations. The Group also enters into derivative transactions for hedging purpose.

The Group's activities exposes it to market risk, liquidity risk and credit risk. The Group's risk management is carried out by the management under the policies approved of the Board of Directors that help in identification, measurement, mitigation and reporting all risks associated with the activities of the Group. These risks are identified on a continuous basis and assessed for the impact on the financial performance. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group’s policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

1) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

i. Foreign currency risk

The group’s operates in various geographies and is exposed to foreign exchange risk on its various currency exposures. The risk of changes in foreign exchange rates relates primarily to the group’s operating activities.

The group uses foreign currency forward contract governed by its board approved policy to mitigate its foreign currency risk that are expected to occur within next 12 months period for forecasted sales. The counterparty for these contracts is generally a reputed scheduled bank. The group reports quarterly to a committee of the board, which monitors foreign exchange risks and policies implemented to manage its foreign exchange exposures.

When a derivative is entered into for the purpose of being a hedge, the group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable that is denominated in the foreign currency.

Hedge effectiveness is determined at inception and periodic prospective effectiveness testing is done to ensure the relationship exist between the hedged items and hedging instruments, including whether the hedging instruments is expected to offset changes in cash flows of hedge items.

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

(All amounts in ₹ lakhs, unless otherwise stated)

a) The Group's exposure in foreign currency at the end of reporting period :

Currency	Particulars	March 31, 2021		March 31, 2020	
		FC	₹	FC	₹
	<u>Financial assets</u>				
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
	<u>Derivative assets</u>				
	Foreign exchange forward contracts#	(493)	(36,071)	(259)	(19,482)
	Net exposure on foreign currency risk (assets)	-	-	-	-
	<u>Financial liability</u>				
	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	<u>Financial assets</u>				
	Trade receivables	15	1,328	6	536
	Loans	-	-	-	-
	Other financial assets	2	131	3	256
	Bank accounts	-	18	3	290
	<u>Derivative assets</u>				
	Foreign exchange forward contracts#	(12)	(1,031)	(23)	(1,869)
	Net exposure on foreign currency risk (assets)	**5**	**446**	-	-
	<u>Financial liability</u>				
	Trade payables	*	(1)	*	(14)
	Other financial liabilities	-	-	-	-
	Other liabilities	-	16	-	14
	Net exposure on foreign currency risk (liabilities)	-	**15**	-	-
	Net exposure on foreign currency risk (assets-liabilities)	**5**	**431**	-	-

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

(All amounts in ₹ lakhs, unless otherwise stated)

Currency	Particulars	March 31, 2021		March 31, 2020	
		FC	₹	FC	₹
	Financial assets				
GBP	Trade receivables	8	771	5	481
	Loans	-	2	-	10
	Other financial assets	2	212	1	112
	Bank accounts	1	134	4	380
	Net exposure on foreign currency risk (assets)	**11**	**1,119**	**10**	**983**
	Financial liability				
	Trade payables	*	23	1	124
	Other financial liabilities	5	509	3	260
	Other liabilities	1	113	-	34
	Net exposure on foreign currency risk (liabilities)	**6**	**645**	**4**	**418**
	Net exposure on foreign currency risk (assets-liabilities)	**5**	**474**	**6**	**565**

Represents outstanding foreign currency forward contracts. The outstanding forward contracts as March 31, 2020 and March 31, 2021 are within the maturity period of 12 months.

* Represents number below rounding off norms of the Company.

b) The sensitivity of profit or loss to changes in foreign exchange rates arising mainly from foreign currency denominated financial instrument:

	Impact on profit before tax	
	March 31, 2021	March 31, 2020
USD sensitivity		
₹/ USD increases by 5%	(983)	(582)
₹/ USD decreases by 5%	983	582
EURO sensitivity		
₹/ EURO increases by 5%	22	-
₹/ EURO decreases by 5%	(22)	-
GBP sensitivity		
₹/ GBP increases by 5%	24	28
₹/ GBP decreases by 5%	(24)	(28)

* Sensitivity is calculated holding all other variables constant

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

(All amounts in ₹ lakhs, unless otherwise stated)

ii. Interest rate risk

The Group is not exposed to interest rate risk as at March 31, 2021 since all its financial assets or liabilities are either non-interest bearing or are at fixed interest rate and are carried at amortised cost.

The Group was exposed to the risk of changes in market interest rates relating primarily to the Group's foreign currency term loan obtained from RBL at floating interest of 6m Libor + 3.1%. To manage the risk the Group has entered into a interest rate swap, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts as per contractual arrangement. The loan was fully repaid during the year ended March 31, 2021.

All Other financial assets or liabilities were either non-interest bearing or are at a fixed interest rate and carried at amortised cost. Thus, the Company didn't foresee any interest rate risk on these items.

There is an economic relationship between the hedged item and the hedging instrument as the critical terms of the interest rate swap match with the terms of the designated hedge item i.e. foreign currency loan from RBL Bank. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. Considering the critical terms are identical and have economic relationship between hedge instrument and hedge item, the hedge is considered as effective.

iii. Price risk

The Group exposure to price risk arises for investment in mutual funds held by the Group. To manage its price risk arising from investments in mutual funds, the Group diversifies its portfolio.

Sensitivity:

The sensitivity of profit or loss to change in Net assets value(NAV) as at year end for investment in mutual funds.

	Impact on profit before tax	
	March 31, 2021	March 31, 2020
NAV increases by 5%	1,957	417
NAV decreases by 5%	(1,957)	(417)

Impact of Hedge activities

(a) The following provides the details of hedging instrument and its impact on balance sheet

	March 31, 2021				
	Currency	Nominal value (Foreign Currency)	Amount in ₹	Lime item in the balance sheet	Fair value*
Cash flow hedge					
Foreign currency risk					
(for highly probable forecast transactions)					
- Foreign currency forward contracts	₹/USD	493	37,248	Other financial assets/(liabilities)	457
- Foreign currency forward contracts	₹/EURO	12	1,096	Other financial assets/(liabilities)	49

* represents the impact of mark to market value at year end.

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

(All amounts in ₹ lakhs, unless otherwise stated)

	March 31, 2020				
	Currency	Nominal value (Foreign Currency)	Amount in ₹	Lime item in the balance sheet	Fair value*
Cash flow hedge					
Foreign currency risk					
(for highly probable forecast transactions)					
- Foreign currency forward contracts	₹/USD	259	19,128	Other financial assets/(liabilities)	(728)
- Foreign currency forward contracts	₹/EURO	23	1,884	Other financial assets/(liabilities)	(16)

	March 31, 2020			
	Currency	Nominal value (Foreign Currency)	Lime item in the balance sheet	Fair value*
Interest rate risk				
- Interest rate swaps (for variable interest rate risk on RBL Loan)	USD	12	Other financial assets	14

* represents the impact of mark to market value at year end.

(b) The effect of cash flow hedge in hedge reserve and statement of profit and loss:

	Highly probable forecast sales	Interest rate swaps	Total
Balance as at April 1, 2019	**221**	**16**	**237**
Hedge gain/(loss) recognised in Other Comprehensive Income (OCI)	(1,190)	(14)	(1,204)
Amount reclassified to from OCI to statement of profit and loss	225	12	237
Balance as at March 31, 2020	**(744)**	**14**	**(730)**
Hedge gain/(loss) recognised in Other Comprehensive Income (OCI)	912	(31)	881
Amount reclassified to from OCI to statement of profit and loss	338	17	355
Income tax effect	(127)	-	(127)
Balance as at March 31, 2021	**379**	**-**	**379**

Reclassification for foreign currency forward contracts is recognised in foreign exchange gain or loss in Statement of Profit and Loss.

Reclassification for interest rate swaps is recognised in interest expense in Statement of Profit and Loss.

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

(All amounts in ₹ lakhs, unless otherwise stated)

2. Credit risk

Credit risk is the risk that counter party will not meet its obligations under a financial instruments or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities and from investing activities (primarily deposits with banks and investments in mutual funds).

(i) Trade receivables

Trade receivables are typically unsecured and derived from revenue from contracts with customers. Customer credit risks is managed by each business units subject to Group's policy and procedures which involves credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credits in the normal course of business. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. Under the simplified approach, the Group does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime Expected Credit Losses (ECLs) at each reporting date, right from initial recognition. The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix takes into account available external and internal credit risk factors and the Group's historical experience with customers. Ageing of trade receivables and the provision in books for trade receivables:

	Current	1-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
As at March 31, 2021							
Trade receivables	9,201	3,004	756	153	129	350	13,593
Allowance for expected loss	(518)	(123)	(223)	(136)	(95)	(306)	(1,401)
Net Trade receivables	**8,683**	**2,881**	**533**	**17**	**34**	**44**	**12,192**
As at March 31, 2020							
Trade receivables	8,202	3,332	474	325	104	1,845	14,282
Allowance for expected loss	(332)	(101)	(134)	(281)	(102)	(1,845)	(2,795)
Net Trade receivables	**7,870**	**3,231**	**340**	**44**	**2**	**-**	**11,487**

Reconciliation of loss allowance	March 31, 2021	March 31, 2020
Opening balance as at April, 1	(2,795)	(2,065)
Allowance made during the year (net)	(980)	(706)
Allowance reversed/ written back during the year	279	-
Utilised during the year	2,096	-
Exchange difference	(1)	(24)
Closing balance as at March, 31	**(1,401)**	**(2,795)**

(ii) Other financial assets and cash deposit

Credit risk from balances with the banks, loans, investments in mutual funds and other financial assets are managed by the Group based on the Group policy and is managed by the Group's Treasury Team. Investment of surplus fund is made only with approved counterparties. The Group's maximum exposure to credit risk is the carrying amount of such assets as disclosed in note 35 above.

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

(All amounts in ₹ lakhs, unless otherwise stated)

Reconciliation of loss allowance	March 31, 2021	March 31, 2020
Opening balance as at April, 1	(602)	(506)
Allowance made during the year	(41)	(56)
Allowance reversed/ written back during the year	510	1
Exchange difference	-	(41)
Closing balance as at March, 31	**(133)**	**(602)**

3. Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective it to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its position and maintains adequate source of financing.

The Group has access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2021	March 31, 2020
RBL Bank Limited	14	140
Kotak Mahindra Bank Limited	300	1,937
HDFC Bank Limited	1,000	-
Federal Bank Limited	1,500	-
ICICI Bank Limited	2,800	-
	5,614	**2,077**

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

Particulars	On demand	Less than 1 year	More than 1 year	Total
As at March 31, 2021				
Borrowings (including current maturities)	10,972	2,012	3,689	16,673
Lease liabilities	-	1,600	1,328	2,928
Trade payables	-	4,101	-	4,101
Foreign currency forward contracts	-	17	-	17
Other current financial liabilities #	-	3,752	123	3,875
	10,972	**11,482**	**5,140**	**27,594**
As at March 31, 2020				
Borrowings (including current maturities)	6,916	804	134	7,854
Lease liabilities	-	2,097	1,898	3,995
Trade payables	-	3,442	-	3,442
Foreign currency forward contracts	-	749	-	749
Other current financial liabilities #	-	4,889	1	4,890
	6,916	**11,981**	**2,033**	**20,930**

Includes future interest payable on outstanding borrowings

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

(All amounts in ₹ lakhs, unless otherwise stated)

37 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, convertible preference shares, securities premium and all other equity reserves. The primary objective of the Group's capital management is to maintain a strong capital base to ensure sustained growth in business and to maximize the shareholders value. The capital management focuses to maintain an optimal structure that balances growth and maximizes shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents. The Group's gearing ratio, which is net debt divided by total capital plus net debt is as below:

Particulars	March 31, 2021	March 31, 2020
Borrowings (including current maturities)	16,630	7,843
Less : Cash and cash equivalents	(8,583)	(4,353)
Net (cash and cash equivalents)/debt (A)	**8,047**	**3,490**
Equity	54,599	26,531
Total equity capital (B)	**54,599**	**26,531**
Total debt and equity (C)=(A)+(B)	**62,646**	**30,021**
Gearing ratio (A)/(C)	**13%**	**12%**

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2021 and March 31, 2020.

During the year the group has not defaulted in any loan covenants.

38 Related Party Disclosure

Key management personnel (KMP)	1. Mr. Ashok Soota (Executive Chairman)
	2. Mr. Venkatraman N (Managing Director - w.e.f November 4, 2020 and CFO)
	3. Mr. Girish Paranjpe (Independent director) (till March 10, 2020)
	4. Mr. Avneet Singh Kochar (Non executive director) (till November 4, 2020)
	5. Mr. Joseph Vinod Anantharaju (Director) (w.e.f November 4, 2020)
	6. Mr. Praveen Darashankar (Company Secretary)
	7. Mrs. Anita Ramachandran (Independent director) (w.e.f June 04, 2020)
	8. Mr. Rajendra Kumar Srivastava (Independent director) (w.e.f June 04,2020)
	9. Mrs. Shubha Rao Mayya (Independent director) (w.e.f June 04,2020)
Entity having significant influence over the reporting entity	CMDB II (till September 7, 2020)
Relatives of KMP	1. Mr. Suresh Soota
	2. Mr. Deepak Soota
	3. Ms. Kunku Soota
	4. Mrs. Usha Samuel
Post employment benefit plan (PEBP)	Happiest Minds Technologies Pvt. Ltd. Employees group gratuity trust

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

(All amounts in ₹ lakhs, unless otherwise stated)

a) The following table is the summary of significant transactions with related parties by the Group:

		March 31, 2021	March 31, 2020
(i)	**Director's sitting fees**:		
	Mr. Girish Paranjape (last date 10th March 2020)	-	9
	Mrs. Anita Ramachandran	21	-
	Mr. Rajendra Kumar Srivastava	14	-
	Mrs. Subha Rao Mayya	21	-
(ii)	**Commission to directors**:		
	Mrs. Anita Ramachandran	4	-
	Mr. Rajendra Kumar Srivastava	16	-
	Mrs. Subha Rao Mayya	4	-
(iii)	**Contribution made to post employee benefit plan**:		
	Happiest Minds Technologies Pvt. Ltd. Employees group gratuity trust	154	121
(iv)	**Managerial remuneration***:		
	Mr. Venkatraman N		
	Salary, wages and bonus	112	107
	Employee stock compensation expense	7	10
	Mr. Ashok Soota		
	Salary, wages and bonus	128	128
	Mr. Praveen Darashankar		
	Salary, wages and bonus	43	41
	Employee stock compensation expense	1	2
	Mr. Joseph Vinod Anantharaju		
	Salary, wages and bonus	128	-
	Employee stock compensation expense	12	-
v)	**Reimbursement of expenses#**:		
	Mr. Ashok Soota	703	-
	CMBD II	2,276	-

Represents share issue expense incurred by the Company on behalf of the selling shareholders which was subsequently reimbursed.

*As the liability for gratuity and compensated leave absences is provided on an actuarial basis for the Group as a whole, the amount pertaining to the directors are not included above.

vi) Details of CCPS converted:

March 31, 2021				
Date of resolution	Name of related party	No of CCPS converted	No of equity shares	Amount
May 13, 2020	Mr. Ashok Soota	3,58,728	5,84,72,664	2,339
July 10, 2020	Mr. Ashok Soota	1,129	1,84,027	7
July 10, 2020	Mr. Venkatraman N	2,099	3,42,137	14
July 10, 2020	CMDB II	1,67,173	2,72,49,199	1,090
July 10, 2020	Mr. Suresh Soota	193	31,459	1
July 10, 2020	Mr. Deepak Soota	301	49,063	2
July 10, 2020	Ms. Kunku Soota	260	42,380	2
July 10, 2020	Mrs. Usha Samuel	482	78,566	3

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

(All amounts in ₹ lakhs, unless otherwise stated)

March 31, 2020				
Date of resolution	Name of related party	No of CCPS converted	No of equity shares	Amount
March 16, 2020	Mr. Ashok Soota	75,000	1,22,25,000	489

b) The balances receivable from and payable to related parties are as follows :

		March 31, 2021	March 31, 2020
(i)	**Provision for commission expense**		
	Mrs. Anita Ramachandran	4	-
	Mr. Rajendra Kumar Srivastava	16	-
	Mrs. Subha Rao Mayya	4	-

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

39 Corporate Social Responsibility ('CSR') expenditure

Details of CSR expenditure are as follows:

		March 31, 2021	March 31, 2020
(a)	Gross amount required to be spent by the Group during the year	64	5
(b)	Amount approved by the board to be spent during the year	75	21

			In cash	Yet to be paid in cash	Total
(c)	Amount spent during the year ending on March 31, 2021 :				
	i)	Construction/ Acquisition of any asset	-	-	-
	ii)	On purpose other than (i) above	75	-	**75**

			In cash	Yet to be paid in cash	Total
(d)	Amount spent during the year ending on March 31, 2020 :				
	i)	Construction/ Acquisition of any asset	-	-	-
	ii)	On purpose other than (i) above	21	-	**21**

			March 31, 2021	March 31, 2020
(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**

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

(All amounts in ₹ lakhs, unless otherwise stated)

Details of ongoing project and other than ongoing project

In case of S. 135(6) (Ongoing Project)						
Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing balance	
With Company	In Separate CSR unspent A/c		From Company's bank A/c	From separate CSR unspent A/c	With Company	In separate CSR unspent A/c
-	-	-	-	-	-	-

In case of S. 135(5) (Other than ongoing Project)				
Opening balance	Amount deposited in specified fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	-	64	75	-

In case of S. 135(5) Excess amount spent			
Opening balance	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	64	75	(11)

40 Interest in other entities

a) Subsidiary

The Group's subsidiary is set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group and proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business:

i) Capital Commitments

Name of entity	Principle activity	Country of Incorporation	Ownership interest held by the group %	Ownership interest held by the group %
			March 31, 2021	March 31, 2020
Happiest Minds Technologies LLC*	IT Services	USA	Nil	100
Happiest Minds Inc. (formerly known as PGS Inc.) #	IT Services	USA	100	Nil

* Liquidated on June, 2020. Refer note 45

Refer note 44

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

(All amounts in ₹ lakhs, unless otherwise stated)

b) Additional information, as required under schedule III of the Companies Act, 2013, as required enterprises considered as subsidiary.

Particular	March 31, 2021							
	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of Consolidated net assets	Amount	As a % of Consolidated profit or loss	Amount	As a % of Consolidated OCI	Amount	As a % of Consolidated TCI	Amount
Parent company								
Happiest Minds Technologies Ltd	100.1%	54,667	99.7%	16,193	97.8%	1,000	99.6%	17,193
Subsidiary								
Happiest Minds Technologies LLC	0.0%	-	0.5%	79	0.0%	-	0.5%	79
Happiest Minds Inc. (formerly PGS Inc.)	0.8%	425	0.3%	54	0.0%	-	0.3%	54
Other adjustments:	(0.9%)	(493)	(0.5%)	(80)	2.2%	23	(0.3%)	(57)
Total	**100%**	**54,599**	**100%**	**16,246**	**100%**	**1,023**	**100%**	**17,269**

Particular	March 31, 2020							
	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of Consolidated net assets	Amount	As a % of Consolidated profit or loss	Amount	As a % of Consolidated OCI	Amount	As a % of Consolidated TCI	Amount
Parent company								
Happiest Minds Technologies Ltd	100.1%	26,561	102.4%	7,343	98.9%	(1,106)	103.0%	6,237
Subsidiary								
Happiest Minds Technologies LLC	(0.3%)	(83)	(0.6%)	(40)	0.0%	-	(0.7%)	(40)
Other adjustments:	0.2%	53	(1.8%)	(132)	1.1%	(12)	(2.4%)	(144)
Total	**100%**	**26,531**	**100%**	**7,171**	**100%**	**(1,118)**	**100%**	**6,053**

41 Commitments and Contingent Liabilities

		March 31, 2021	March 31, 2020
i)	**Capital Commitments**		
	Capital commitments towards purchase of capital assets	152	72
ii)	**Contingent liabilities**		
	Guarantees given by banks on behalf of the Group for contractual obligations of the Group	1,289	1,007

iii) Other claims against Group not provided for in books

a) Compounding and Settlement Applications file by the Parent Company:

A compounding application has been filed by the Company before the National Company Law Tribunal (NCLT) and Registrar of Companies, Bombay ("RoC"), in relation to allotments of Equity Shares made by the Company during year ended March 31, 2013 and 2014 under ESOP Scheme 2011 and ESOP Scheme 2011 USA, where certain allotments were made in contravention of Section 67(3) of the Companies Act, 1956.

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

(All amounts in ₹ lakhs, unless otherwise stated)

The Board, vide a resolution passed at its meeting held on August 4, 2020 voluntarily decided to provide an exit offer to the shareholders. Upon completion of the exit offer, the Company has filed a compounding application with the RoC (which will be forwarded to the National Company Law Tribunal, Bengaluru bench upon approval) and a settlement application with SEBI. The matter is currently pending before NCLT and SEBI. Further, the Company has filed the settlement application before SEBI.

The management is confident that there will not be any material financial implications and accordingly no adjustment are made in the financial statements.

b) With respect to the License Agreement entered in June 2018 between the Company and a customer, for providing software services, the customer terminated the agreement claiming non-satisfactory delivery of services and damages of ₹ 623 lakhs. The customer has also initiated arbitration proceedings which the Company is currently contesting and is of the view that claim is not tenable and accordingly no adjustments are made in the financial statements.

c) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution, the Group has taken cognizance of the matter on a prospective basis from the date of the SC order. The Group will update its provision, if any, required, on receiving further clarity on the subject.

42 Segment Information

A. Description of segments and principal activities

The Group executive management committee examines the Group's performance on the basis of its business units and has identified three reportable segments:

i) Infrastructure Management & Security Services (IMSS):

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

ii) Digital Business Solutions (DBS):

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

iii) Product Engineering Services (PES):

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

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

(All amounts in ₹ lakhs, unless otherwise stated)

B. Segment revenue, segment results other information as at/ for the year:

Year ended March 31, 2021	IMSS	DBS	PES	Total
Revenue from contracts with customers				
External customers	16,421	21,288	39,632	77,341
Inter-segment	-	-	-	-
Segment revenue	**16,421**	**21,288**	**39,632**	**77,341**
Segment results	**3,967**	**7,106**	**15,924**	**26,997**
Reconciliation to profit after tax:				
Interest income				838
Net gain on investments carried at Fair value through profit or loss				855
Other unallocable income				647
Unallocable finance cost				(690)
Unallocable depreciation and amortisation expenses				(2,198)
Other unallocable expenses				(7,847)
Tax				(2,356)
Profit for the year				**16,246**
Segment assets	4,282	5,741	8,284	18,307
Reconciliation to total assets:				
Investments				39,148
Derivative instruments				523
Other unallocable assets				34,217
Total				**92,195**
Segment liability	396	1,874	1,174	3,444
Reconciliation to total liabilities:				
Borrowings				16,630
Other unallocable liabilities				17,522
Total				**37,596**

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

(All amounts in ₹ lakhs, unless otherwise stated)

Year ended March 31, 2020	IMSS	DBS	PES	Total
Revenue from contracts with customers				
External customers	15,361	19,167	35,293	69,821
Inter-segment	-	-	-	-
Segment revenue	**15,361**	**19,167**	**35,293**	**69,821**
Segment results	**2,961**	**3,724**	**11,860**	**18,545**
Reconciliation to profit after tax:				
Interest income				465
Net gain on investments carried at Fair value through profit or loss				576
Other unallocable income				560
Unallocable finance cost				(802)
Unallocable depreciation and amortisation cost				(2,023)
Impairment of goodwill				(1,126)
Other unallocable expenses				(8,973)
Re-measurement gains/ (losses) on defined benefit plans (Moved to OCI)				139
Tax				(190)
Profit for the year				**7,171**
Segment assets	4,207	4,216	7,841	16,264
Reconciliation to total assets:				
Investments				8,337
Derivative instruments				19
Other unallocable assets				26,195
Total				**50,815**
Segment liability	594	1,029	675	2,298
Reconciliation to total liabilities:				
Borrowings				7,843
Other unallocable liabilities				14,143
Total				**24,284**

Note

(i) Assets (other than accounts receivable and unbilled revenue) and liabilities (other than unearned revenue) of the Group are used interchangeably between segments, and the management believes that it can not be allocated to specific segment.

(ii) The expense / income that are not directly attributable and that cannot be allocated to a business segment on a reasonable basis are shown as unallocable expenses

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

(All amounts in ₹ lakhs, unless otherwise stated)

C. Entity-wide disclosures

i) The amount of revenue from external customers broken down by location of customers is shown below:

	For the year ended	
	March 31, 2021	March 31, 2020
India	10,464	8,334
USA	56,517	54,128
UK	7,611	5,002
Others	2,749	2,357
	77,341	**69,821**

ii) The break-up of non-current assets by location of assets is shown below:

	As at	
	March 31, 2021	March 31, 2020
India	2,902	3,788
USA	9,940	9
UK	1	-
	12,843	**3,797**

Non-current assets for this purpose consists of Property, plant and equipment and intangible assets

iii) Revenue from customers of the Group which is individually more than 10 percent of the Group's total revenue:

	For the year ended	
	March 31, 2021	March 31, 2020
One customer	14.52%	12.16%

43 Share based payments

Employee Share Option Plan (ESOP)

The Parent Company instituted the Employee Share Option Plan 2011 ("ESOP 2011") and Equity Incentive Plan 2011 ("EIP 2011") for eligible employees during the year ended March 2012 which was approved by the Board of Directors (Board) on October 18, 2011 and January 19, 2012 duly amended by the Board on January 22, 2015.

Besides the above plan, the Parent Company has also instituted Employee Share Option Plan 2014 ("ESOP 2014") duly approved by the Board on October 20, 2014 and by the shareholders on January 22, 2015. The Parent Company has also instituted Employee Share Option Plan 2015 ("ESOP 2015") duly approved by the Board on June 30, 2015 and by the shareholders on July 22, 2015. During year ended 2018, the Parent Company has amended ESOP 2014 and all options granted under ESOP 2014 be deemed to be granted under ESOP 2011 duly approved by the Board on October 25, 2017. The plans are separate for USA employees (working out of the United States America - "USA") and employees working outside USA. The Parent Company administers these plans.

On April 29, 2020 the Board of the Parent Company approved Happiest Minds Employee Stock Option Scheme 2020 ("ESOP 2020") consisting of 70,00,000 equity shares. The Parent Company will henceforth issue grants under the ESOP 2020 only.

The contractual term of each option granted is 5-8 years.

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

(All amounts in ₹ lakhs, unless otherwise stated)

Key features of these plans are provided in the below table:

Key Terms	ESOP 2011	ESOP 2014 / EIP 2011 for US Employees	ESOP 2015 / EIP 2011 for US Employees	ESOP 2020
Class of Share	Equity Shares (as amended vide board meeting held on April 26, 2017 and Annual general meeting held on July 31, 2017).	Pursuant to conversion of Class B Non-voting Equity Shares (entitled under ESOP 2014) to Equity shares (as amended vide board meeting held on April 26, 2017 and Annual general meeting held on July 31, 2017), the Board of Directors at its meeting held on October 25, 2017 approved the administration of options granted and shares allotted under erstwhile ESOP 2014 to ESOP 2011.	Equity Shares (as amended vide board meeting held on April 26, 2017 and Annual general meeting held on July 31, 2017).	Equity Shares (as amended vide board meeting held on April 29, 2020 and extra ordinary general meeting held on May 13, 2020).
Ownership	Legal Ownership	Legal ownership	Legal Ownership	Legal Ownership
Vesting Pattern	Four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1,2,3 and 4 years respectively from the date of grant and become fully exercisable, subject to employee being in the employment of the Parent Company.			
Exercise Price	Exercisable at an exercise price of ₹ 2, ₹ 3, ₹ 5 and ₹ 6 per option.	Exercisable at an exercise price of ₹ 2 and ₹ 6 per option.	Exercisable at an exercise price of ₹ 2, ₹ 6.25, ₹ 9.50, ₹ 11.50 and ₹ 26 per option.	No grant has been made under this scheme
Economic Benefits / Voting Rights	The holders of the equity shares will be entitled to the economic benefits of holding these shares only after the completion of the various vesting terms mentioned above and shall acquire voting rights as a shareholder of the Parent Company as duly approved by the shareholders at the meeting held on July 31, 2017.			

	For the year ended	
	March 31, 2021	March 31, 2020
Employee stock compensation expense	297	266

Movements during the year

The following table illustrates the number and weighted average exercise price of share options during the year.

March 31, 2021

Options - India/UK Plan	Employee Stock Ownership Plan 2011		Employee Stock Ownership Plan 2015	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	2,41,788	5.86	50,28,066	24.59
Granted during the year	-	-	37,000	26.00
Exercised during the year	(92,170)	5.77	(5,74,205)	18.95
Forfeited during the year	(21,750)	5.56	(5,25,482)	25.37
Outstanding options as at the end of the year	1,27,868	5.98	39,65,379	25.31
Weighted Average Remaining Contractual Life	0.18 years		5.07 years	

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

(All amounts in ₹ lakhs, unless otherwise stated)

Options - USA Plan	Equity Incentive Plan for US Employees-2011		Equity Incentive Plan for US Employees-2011	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	20,000	6.00	56,375	24.41
Granted during the year	-	-	-	-
Exercised during the year	-	-	(6,905)	26.00
Forfeited during the year	-	-	-	-
Outstanding options as at the end of the year	20,000	6.00	49,470	24.18
Weighted Average Remaining Contractual Life	0.8 years		3.73 years	

March 31, 2020

Options - India/UK Plan	Employee Stock Ownership Plan 2011		Employee Stock Ownership Plan 2015	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	3,44,636	5.57	34,67,500	23.23
Granted during the year	-	-	40,68,591	26.00
Exercised during the year	(59,708)	4.05	(16,33,012)	25.41
Forfeited during the year	(43,140)	6.05	(8,75,013)	24.23
Outstanding options as at the end of the year	2,41,788	5.86	50,28,066	24.59
Weighted Average Remaining Contractual Life	1.35 years		5.91 years	

Options - USA Plan	Equity Incentive Plan for US Employees-2011		Equity Incentive Plan for US Employees-2011	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	49,500	5.24	3,32,500	25.73
Granted during the year	-	-	4,00,000	26.00
Exercised during the year	(29,500)	4.73	(6,21,950)	26.00
Forfeited during the year	-	-	(54,175)	26.00
Outstanding options as at the end of the year	20,000	6.00	56,375	24.41
Weighted Average Remaining Contractual Life	1.80 years		4.91 years	

*Weighted Average Exercise Price

The weighted average fair value of the options granted during the year is ₹ 12.23 (March 31, 2020 - ₹ 12.64)

The weighted average share price during the year is ₹ 372.61 (March 31, 2020 - ₹ 20.98)

Exercisable options as at March 31, 2021 - 7,77,628 options (March 31, 2020 - 4,93,423 options) and weighted average exercise price - ₹ 18.59 (March 31, 2020 - ₹ 13.28)

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

(All amounts in ₹ lakhs, unless otherwise stated)

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	March 31, 2021	March 31, 2020
Expected dividend yield	0.00%	0.00%
Expected Annual Volatility of Shares	50.00%	50.00%
Risk-free interest rate (%)	6.98%	7.43%-6.86%
Exercise price (₹)	26.00	26.00
Expected life of the options granted (in years)	3-6 years	3-6 years

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

44 Business acquisitions

On January 27, 2021, the Company signed definitive agreements acquiring 100% voting interest in PGS Inc., a US based end-to-end digital e-commerce solutions company, from Moonscape Inc., USA (parent company of PGS Inc.) for total computed/ recorded consideration of US $ 13.31 million (approximately ₹ 9,720 lakhs), comprising cash consideration of US $ 8.25 million (approximately ₹ 6,025 lakhs) and fair-valued contingent consideration in the form of warrants of US $ 5.06 million (approximately ₹ 3,696 lakhs) over the next three years, to be settled by PGS Inc. to Moonscape Inc. with the backing by Company, of the warrant liability settlement, subject to achievement of set targets for respective years. The excess of purchase consideration recorded/paid over fair value of net assets and intangible assets acquired has been attributed to goodwill amounting to ₹ 7,020 lakhs. The acquisition is expected to strengthen Company's digital e-commerce solutions to its customers looking for online offering of their products/services.

The following table presents the purchase consideration, fair value of assets and liabilities acquired and goodwill recognised on the date of control.

Details of Fair value recognised on acquisition:

	Amount (lakhs)
Intangible assets	3,107
Trade receivables	1,451
Cash and cash equivalent	1,298
Other Financial liabilities	(424)
Other current liabilities	(290)
Contract liability	(297)
Trade payables	(1,368)
Deferred tax liability on intangible assets	(777)
Total fair value of net assets acquired (A)	**2,700**
Fair value of purchase consideration (B)	9,720
Goodwill arising on acquisition (C)- (A-B)	**7,020**

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

(All amounts in ₹ lakhs, unless otherwise stated)

The goodwill of ₹ 7,022 lakhs comprises the value of expected synergies arising from the acquisition which is not separately recognised. Refer note 4

	Amount (lakhs)
Purchase consideration	
Cash consideration	6,025
Contingent consideration	3,695
Total purchase consideration	**9,720**

Transaction costs relating to acquisition have been expensed and are included in other expenses.

Revenue and profit contribution:

The acquired business contributed revenues of ₹ 1,955 and incurred net profit of ₹ 18 to the Group post its acquisition.

If the acquisition had occurred on April 1, 2020, consolidated pro-forma revenue would have been USD 8,339 and net profit of ₹ 193 respectively. These amounts have been calculated using the subsidiary's financial statements and adjusting them for:

a) differences in the accounting policies between the Group and the subsidiary, and

b) the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from April 1, 2020, together with the consequential tax effects.

45 Discontinued operations - Liquidation of subsidiary

The Company in its Board Meeting on March 16, 2020 passed a resolution to voluntarily dissolve and wind up the operation of its subsidiary, i.e. Happiest Minds Technologies LLC, USA. Pursuant to such resolution, the Company had filed a request for termination of the aforesaid subsidiary and received a certificate from the Office of Secretary of State approving such winding up on June 1, 2020 and consequent to such approval the Company has liquidated its subsidiary. Pursuant to such liquidation, the Company has de-recognised the assets and liabilities and recognised a gain of ₹ 82 lakhs (refer note 26) including foreign currency translation reserve balance that has been reclassified as gain on liquidation of subsidiary under other income in Statement of Profit and Loss on such liquidation.

The operation of the aforesaid subsidiary is not material to the Group. Hence, the Group has disclosed the results and financial position of such subsidiary via this note. All other notes and disclosure given in the Consolidated Financial Statements includes the financial effect of the subsidiary operations and financial positions. The carrying amount of assets and liabilities in these Consolidated Financial Statements include approximates the fair value.

The results of Happiest Minds Technologies LLC, USA for the year are presented below:

	March 31, 2021	March 31, 2020
Other income	80	3
	80	**3**
Other expense	1	40
Finance cost	-	3
	1	**43**
Profit /(loss) before tax	**79**	**(40)**
Tax expense	-	-
Profit /(loss) after tax from discontinued operations	**79**	**(40)**

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

(All amounts in ₹ lakhs, unless otherwise stated)

The major class of assets and liabilities of Happiest Minds Technologies LLC, USA as at March 31, 2021 and March 31, 2020 are as follows:

	March 31, 2021	March 31, 2020
Assets		
Property, plant and equipment	-	-
Cash and cash equivalent	-	3
	-	**3**
Liabilities		
Lease liabilities	-	4
Financial liabilities	-	52
Current liabilities	-	51
Trade payables	-	(21)
	-	**86**

46 The Board of Directors of the Parent Company at their meeting held on May 12, 2021 recommended the payout of a final dividend of ₹ 3/- per equity share of face value ₹ 2/- each for the financial year ended March 31, 2021 . This recommendation is subject to approval of shareholders at the 10th Annual General Meeting of the Group scheduled to be held on July 7, 2021.

47 The Parent Company has completed its Initial Public Offering (IPO) of 4,22,90,091 equity shares of face value of ₹ 2/- each for cash at an issue price of ₹ 166/- per equity share aggregating to ₹ 70,202 lakhs, consisting fresh issue of 66,26,506 equity shares aggregating to ₹ 11,000 lakhs and an offer for sale of 3,56,63,585 equity shares aggregating to ₹ 59,202 lakhs by the selling shareholders. The equity shares of the Parent Company were listed on BSE Limited and National Stock Exchange of India Limited on September 17, 2020.

The utilisation of IPO proceeds is summarised below:

Particulars	Objects of the issue as per prospectus	Utilisation up to March 31, 2021	Unutilised amounts as on March 31, 2021
To meet long term working capital requirements	10,464	10,464	-
General corporate purposes	80	80	-
Net utilisation	**10,544**	**10,544**	**-**

*As per the Prospectus, the Parent Company had estimated ₹ 300 lakhs to be utilised for general corporate purpose. However, during the quarter ended March 31, 2021, the Parent Company has utilised only ₹ 80 lakhs and the differential was utilised for working capital requirement.

48 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period in which the Code becomes effective.

49 The full impact of COVID-19 still remains uncertain and could be different from the estimates considered while preparing these Consolidated Financial Statements. The Group will continue to closely monitor any material changes to future economic conditions.

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

(All amounts in ₹ lakhs, unless otherwise stated)

50 The Company maintains the information and documents as required under the transfer pricing regulations under Section 92-92F of the Income Tax Act, 1961. The management is in the process of updating the transfer pricing documentation for the financial year 2020 - 2021 and is of the view that its transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

51 Previous year's figures have been regrouped/ reclassified wherever necessary to conform with current year classification.

As per our report of even date
for **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm's Registration Number : 101049W/E300004

per **Sumit Mehra**
Partner
Membership no.: 096547
Place: Bengaluru, India
Date: May 12, 2021

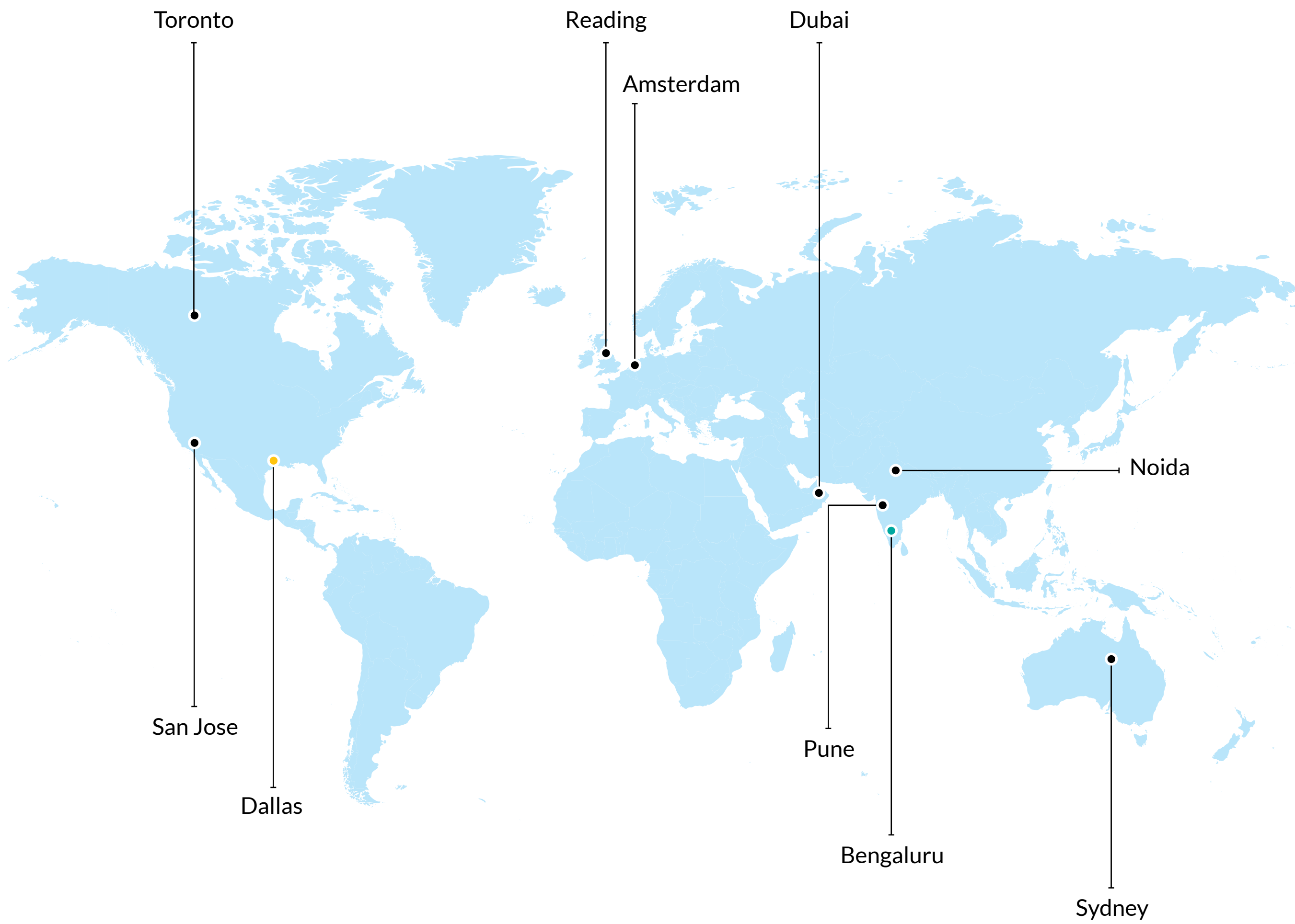
for and on behalf of the Board of Directors:
Happiest Minds Technologies Limited
CIN : L72900KA2011PLC057931

Ashok Soota
Executive Chairman
DIN : 00145962
Place: Bengaluru, India
Date: May 12, 2021

Venkatraman Narayanan
Managing Director &
Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: May 12, 2021

Praveen Darashankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: May 12, 2021

Our Business Presence



Subsidiary

Registered & Corporate Office

Offices

Map not to scale

happiest minds
The Mindful IT Company
Born **Digital** . Born **Agile**

#53/1-4, Hosur Main Road, Madivala (Next to Madivala Police Station)
Bangalore-560068, Karnataka, India

happiest minds
The Mindful IT Company
Born **Digital** . Born **Agile**

HAPPIEST MINDS

NOTICE OF AGM 2021

HAPPIEST MINDS TECHNOLOGIES LIMITED

(formerly known as Happiest Minds Technologies Private Limited)
(CIN No. L72900KA2011PLC057931)
Registered Office: #53/1-4, Hosur Main Road, Madivala, (Next to Madivala Police Station),
Bengaluru-560068, Karnataka, India; Ph: +91 80 6196 0300, Fax: +91 80 6196 0700;
Email : investors@happiestminds.com; Website : www.happiestminds.com

NOTICE OF THE 10TH ANNUAL GENERAL MEETING

Notice is hereby given that the Tenth Annual General Meeting ("**AGM**") of the members of **Happiest Minds Technologies Limited** will be held on Wednesday, the 7th day of July, 2021 at 4.00 pm (IST) through Video Conference / Other Audio Visual Means ("**VC**") without the physical presence of the members at a common venue, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2021 together with the Reports of Board of Directors and the Auditors thereon.

2. To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2021 together with the Report of the Auditors thereon.

3. To declare final dividend on equity shares for the financial year ended March 31, 2021.

4. To appoint a Director in place of Mr. Venkatraman Narayanan (DIN: 01856347) who retires by rotation and, being eligible, offers himself for re-appointment.

5. To appoint Auditors to hold office from the conclusion of the 10th Annual General Meeting until the conclusion of the 15th Annual General Meeting, and to fix their remuneration by passing the following resolution as an ordinary resolution:

   "RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder (including any amendments, modifications or re-enactment for the time being in force), and pursuant to the recommendations of the Audit Committee/Board of Directors of the Company, M/s. Deloitte Haskins & Sells, Chartered Accountants, Bengaluru (ICAI registration number 008072S) be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of the 10th Annual General Meeting until the conclusion of the 15th Annual General Meeting, and that the Board of Directors (or Committee thereof) be and is hereby authorized to fix such remuneration as may be determined in consultation with the said Auditors".

SPECIAL BUSINESS

6. To consider and if thought fit, to pass, the following Resolution as an **Ordinary Resolution**:

   "RESOLVED THAT in accordance with the provisions of Sections 149, 152, 161 and other applicable provisions of the Companies Act, 2013 read with the relevant Rules made thereunder (including any amendments, modifications or re-enactment for the time being in force), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions of law, if any and pursuant to the provisions of the Articles of Association of the Company, Mr. Joseph Vinod Anantharaju (having DIN No. 08859640), who was appointed as an Additional Director by the Board of Directors of the Company based on recommendation from the Nomination, Remuneration and Board Governance Committee of the Company, to hold office up to the conclusion of this Annual General Meeting of the Company with proposal to re-appoint thereat and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act proposing his candidature for the office of Director, being eligible, be and is hereby appointed as Director of the Company, liable to retire by rotation."

7. To consider and if thought fit, to pass, the following Resolution as a **Special Resolution**:

   "RESOLVED THAT subject to the approval of Central Government and in accordance with the provisions of Section 196, 197, 198, Schedule V and other applicable provisions of the Companies Act, 2013 read with the relevant Rules made thereunder (including any amendments, modifications or re-enactment for the time being in force), the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the provisions of the Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the appointment of Mr. Joseph Vinod Anantharaju (having DIN No. 08859640), as Whole-time Director of the Company designated as Executive Vice Chairman, for a period of five years from November 4, 2020 to November 3, 2025 at an annual remuneration of US$ 412,440, with further liberty to the Board (which term shall be deemed to include the Nomination, Remuneration and Board Governance Committee, constituted by the Board) to alter the said remuneration and terms and conditions, from time to time and in such manner as may be agreed to between the Board and Mr. Joseph in the best interest of the Company.

   RESOLVED FURTHER THAT approval of the Company be accorded to the Board of Directors of the Company (including any Committee thereof) to do all such acts, deeds, matters and to take all such steps as may be required in this connection to give effect to this resolution and to settle any questions, difficulties or doubts that may arise in this regard."

8. To consider and if thought fit, to pass, the following Resolution as a **Special Resolution**:

   "RESOLVED THAT in accordance with the provisions of Section 196, 197, 198, Schedule V and other applicable provisions of the Companies Act, 2013 read with the relevant Rules made thereunder (including any amendments, modifications or re-enactment for the time being in force), the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the provisions of the Articles of Association of the Company, approval of the members of the Company be and is hereby accorded for the appointment of Mr. Venkatraman Narayanan (having DIN No. 01856347), as Managing Director and Chief Financial Officer of the Company, for a period of five years from November 4, 2020 to November 3, 2025 at an annual remuneration of INR 1,12,34,720, with further liberty to the Board (which term shall be deemed to include the Nomination, Remuneration and Board Governance Committee, constituted by the Board) to alter the said remuneration and terms and conditions, from time to time and in such manner as may be agreed to between the Board and Mr. Venkatraman in the best interest of the Company.

   RESOLVED FURTHER THAT approval of the Company be accorded to the Board of Directors of the Company (including any Committee thereof) to do all such acts, deeds, matters and to take all such steps as may be required in this connection to give effect to this resolution and to settle any questions, difficulties or doubts that may arise in this regard."

9. To consider and if thought fit, to pass, the following Resolution as a **Special Resolution**:

   "**RESOLVED THAT** in furtherance of and supplemental to the Special Resolution passed by the members in the Extra-Ordinary General Meeting of the Company held on May 13, 2020 and pursuant to the provisions of Section 62(1)(b), and other applicable provisions, if any, of the Companies Act, 2013 (the "**Act**"), read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("**SEBI ESOP Regulations**"), to the extent applicable, the Memorandum of Association and Articles of Association of the Company, and subject to such other approvals, permissions and sanctions as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the '**Happiest Minds Employee Stock Option Scheme 2020**' ("**ESOP 2020**") formulated and approved prior to the Initial Public Offering ("**IPO**") of the Company, be and is hereby ratified and the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "**Board**", which term shall include the Nomination, Remuneration and Board Governance Committee of the Board exercising the powers conferred by the Board, including the powers conferred by this resolution), to create, issue, offer, and grant such number of employee stock options to present or future eligible employees of the Company, whether in India or overseas, determined in terms of ESOP 2020, from time to time, in one or more tranches, exercisable in aggregate into not more than 70,00,000 (Seventy Lakhs) equity shares of the Company, where each such employee stock option would be exercisable for one equity share of a face value of INR 2 each, fully paid-up, of the Company to be issued or transferred to the employee stock option grantee by the Company on payment of the requisite exercise price, on such terms and conditions as may be determined by the Board in accordance with the ESOP 2020, the Act, SEBI ESOP Regulations, applicable accounting policies and such other provisions of law, as may be applicable from time to time.

RESOLVED FURTHER THAT the equity shares so issued and allotted as mentioned hereinbefore shall rank *pari passu* with the then existing equity shares of the Company and the Board be and is hereby authorized to take necessary steps for listing of equity shares allotted under ESOP 2020 on stock exchanges where the securities of the Company are listed.

RESOLVED FURTHER THAT eligible employees may either be issued and allotted equity shares by the Company or be transferred existing equity shares from the Happiest Minds Technologies Share Ownership Plans Trust ("**Trust**") upon exercise of vested employee stock options.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional equity shares are issued by the Company on the recommendation of the Board to the employee stock option grantees for the purpose of making a fair and reasonable adjustment to the employee stock options granted earlier, the ceiling in terms specified above shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the employee stock option grantees under the ESOP 2020 shall automatically stand reduced or augmented, as the case may be, in the same proportion as the face value per equity share shall bear to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said grantees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to formulate, evolve, decide upon and bring into effect the ESOP 2020 as per the terms approved in this resolution and at any time to modify, change, vary, alter, amend, suspend or terminate the ESOP 2020 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as may at its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the ESOP 2020 and do all other things incidental and ancillary thereof Including delegation of all or any of its powers herein conferred to any of the committees and/or director(s) and/ or officer(s) of the Company, to give effect to this resolution."

Registered Office:
#53/1-4, Hosur Main Road,
Madivala (Next to Madivala Police Station),
Bengaluru-560068, Karnataka, India
Date: June 7, 2021
Place: Bengaluru

By Order of the Board
For **HAPPIEST MINDS TECHNOLOGIES LTD**

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

Notes:

1. AGM of the Company is being conducted through VC in compliance with General Circular No. 02/2021 read with General Circular Nos. 14/2020, 17/2020, 20/2020 issued by Ministry of Corporate Affairs and Circular dated 15th January, 2021 read with Circular dated 12th May, 2020 issued by the Securities and Exchange Board of India (collectively referred to as "**Circulars**"), which details procedure and manner of holding AGM through VC and provide certain relaxations from compliance with Listing obligations in view of COVID 19 pandemic.
2. The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company situated at #53/1-4, Hosur Main Road, Madivala (Next to Madivala Police Station), Bengaluru - 560068, Karnataka, India, which shall be the deemed Venue of the AGM. Since the AGM will be held through VC, the Route Map is not annexed in this Notice.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy so appointed need not be a member of the Company. Since this AGM is being held through VC, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. M/s. KFin Technologies Private Limited, Registrar & Transfer Agent of the Company ("**RTA**"), shall be providing facility for voting and attending the AGM through VC. Members may note that the VC facility provided by RTA allows participation of upto 1,000 members on a first-come-first-served basis. The members (holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination, Remuneration and Board Governance Committee and Stakeholders Relationship Committee, auditors, scrutinizers, etc. can attend the AGM without any restriction on account of first-come-first-served principle. Members can login and join 15 (fifteen) minutes prior to the schedule time of meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the schedule time. The detailed instructions for remote e-voting, participation in the AGM through VC and for e-voting during the AGM are provided in Annexure B attached to this Notice.
5. Institutional / Corporate members (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM on its behalf and to vote electronically either during the remote e-voting period or during the AGM. The said Resolution/Authorization should be sent electronically through their registered email address to the Scrutinizer at sree@sreedharancs.com with a copy marked to investors@happiestminds.com.
6. In case of Joint Holders attending the AGM, only such Joint Holder whose name appear first in the order of names will be entitled to vote.
7. The Company has appointed Mr. V Sreedharan, Practicing Company Secretary, Senior Partner of M/s V Sreedharan & Associates, Company Secretaries, Bengaluru (FCS 2347; CP 833) and in his absence Mr. Pradeep B Kulkarni, Practicing Company Secretary, Bengaluru (FCS 7260; CP 7835) or Ms. Devika Sathyanarayana (ACS 16617; CP No. 17024) Practicing Company Secretary, Bengaluru, Partners of the same firm, as Scrutinizer to scrutinize the e-voting process in fair and transparent manner.
8. Explanatory statement pursuant to section 102 of the Companies Act, 2013, in respect of Special Business under agenda item nos. 6, 7, 8 & 9 of the notice, is annexed. The Board of Directors have considered and decided to include these Special Business at the AGM, as they were unavoidable in nature. Additional information, pursuant to the SEBI (LODR) Regulations, 2015, with respect to appointment of the Statutory Auditors of the Company, as proposed under item no. 5 of this Notice under Ordinary Business, is also provided in the Explanatory Statement.
9. A member logging-in to the VC facility using the remote e-voting credentials shall be considered for record of attendance of such member at the AGM and such member attending the AGM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
10. The Register of Members and Transfer Book of the Company will be closed from Thursday, 1st July, 2021 to Wednesday, 7th July, 2021 (both days inclusive) for the purpose of AGM, annual closing and for determining entitlement of members for the final dividend for FY'21. Accordingly, Wednesday, the 30th June 2021 would be the cut-off date for the purpose of reckoning the members/beneficial owners entitled to e-vote and attend the AGM through VC. The voting rights of members shall be in proportion to their share in the paid-up equity share capital of the Company as on the said cut- off date.
11. The Board of Directors has recommended a final dividend of Rs.3/- per equity share of Rs.2/- each for the financial year ended March 31, 2021 that is proposed to be paid on and from 12th July, 2021, subject to the approval of the members at the ensuing AGM. Dividend will be paid as per the mandate registered with the Company or with their respective Depository Participants through electronic clearing service or warrants/at-par cheques or demand drafts, as the case may be.

12. Members holding shares in physical form and who have not registered their bank account details with the RTA or who wish to update, can do so on or before June 20, 2021 by emailing to **einward.ris@kfintech.com** with the following details – Folio No, Name & address of the their Bank, the Bank Account type, the Bank Account Number, 9 digit MICR Code Number, 11 digit IFSC Code and scanned copy of the cancelled cheque bearing the name of the first shareholder and bank account details. Members holding shares in demat may contact their Depository Participant to update their email address and bank account details.
13. Dividend income is taxable in the hands of the members and the Company is required to deduct tax at source ("TDS") from dividend paid to the members at prescribed rates in the Income Tax Act, 1961. In general, no tax will be deducted on payment of dividend to category of members who are resident individuals (with valid PAN details updated in their folio/client ID records) and the total dividend amount payable to them does not exceed Rs.5,000/-. Members not falling in the said category, can go through the detailed note with regard to applicability of tax rates for various other categories of members and the documents that need to be submitted for nil or lower tax rate, which has been provided on the Company's website at **https://www.happiestminds.com/investors/disclosures/**.
14. Members are requested to note that dividends, if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). Further, the shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, members/claimants are requested to claim their dividends from the Company within the stipulated timeline.
15. In compliance with the Circulars, an electronic copy of the Notice of the AGM along with the Annual Report is being sent only by email to those members whose e-mail addresses are registered with the Company/ Depositories. The Company will not dispatch physical copies of the Annual Report and the Notice of AGM to any member. The Notice calling the AGM and the Annual Report has been uploaded on the website of the Company at **www.happiestminds.com**. The Notice is also accessible from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The same is also available on the website of RTA at **https://evoting.kfintech.com/**.
16. All the members whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on Friday, June 4, 2021 have been considered for the purpose of sending the AGM Notice and the Annual Report. However, instructions have been given in Annexure B to enable those persons who become members subsequently to receive the AGM notice, Annual Report and login credentials.
17. Members can avail the facility of nomination in respect of shares held by them in physical form. Members desiring to avail this facility may send email to **einward.ris@kfintech.com**. Members holding shares in demat form may contact their Depository Participant for availing this facility.
18. In terms of the Listing Regulations, securities of listed companies can only be transferred in dematerialized form with effect from 1st April 2019 except in case of transmission or transposition of securities. In view of the above, members holding shares in physical form are advised to dematerialize the shares with their Depository Participant.
19. The statutory documents (i.e., The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which the Directors are interested maintained under Section 189 of the Companies Act, 2013 and the Certificate from the Auditors of the Company under the SEBI (Share Based Employee Benefits) Regulations, 2014), will be available electronically for inspection by the members during the AGM. Further, all the documents referred to in the Notice will also be available for electronic inspection by the members from the date of circulation of this Notice up to the date of AGM, i.e. July 7, 2021. Members seeking to inspect such documents can send an email to **investors@happiestminds.com.**
20. Members seeking any information with regard to accounts or operations are required to write to the Company at least seven days prior to the date of meeting, so as to enable the Management to keep the information ready.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

The present Statutory Auditors M/s S.R. Batliboi & Associates LLP ("SRB"), will retire at the ensuing 10th Annual General Meeting ("AGM") completing the first block of five years. The audit fees of SRB for conducting the audit for financial year 2020-21 was Rs.80 Lacs. The Board of Directors of the Company at their meeting held on May 12, 2021, based on the recommendation of the Audit Committee, recommended for the approval of the members, the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants ("DHC"), as the Auditors of the Company for a period of five years from the conclusion of this AGM till the conclusion of the 15th AGM. DHC has proposed to charge audit fees of Rs.65 Lacs for conducting the audit for financial year 2021-22.

The Audit Committee considered various parameters like capability to serve a diverse and complex business landscape as that of the Company, audit experience in the Company's operating segments, market standing of the firm, clientele served, technical knowledge etc., and found DHC to be best suited to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company. The Committee also thought that a change in auditors would help bring in a fresh perspective to their approach and deliverables.

DHS is registered with the Institute of Chartered Accountants of India. DHS is one of the leading audit firms, with deep technology audit experience in India, as well as globally, having served some of the largest and most reputed companies, including those in the technology sector. DHS' Audit & Assurance team has over 2,400 professionals. DHS has national presence with offices in 12 cities. The Bangalore office of the Firm is located at 19th Floor, 46 - Prestige Trade Tower, Palace Road, High Grounds, Bengaluru, Karnataka – 560001, India.

DHC have given their consent to act as the Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice. The Board of Directors recommend passing of resolution in the manner proposed in Item No. 5, to be passed by way of an Ordinary Resolution.

Item Nos. 6 & 7

Your Directors' based on the recommendation of Nomination, Remuneration and Board Governance Committee had inducted Mr. Joseph Vinod Anantharaju as an Additional Director, with effect from November 4, 2020, to hold office until the next Annual General Meeting of the Company and was proposed to be re-appointed thereat. Further, he was also appointed as Whole-time Director, designated as Executive Vice Chairman with effect from November 4, 2020 for a period of five (5) years, subject to the approval of members and Central Government.

As per conditions specified in Part 1 of Schedule V of the Companies Act, a Whole-time Director should be resident in India. Since, Mr. Joseph is non-resident Indian, his appointment would be in variation of said conditions and therefore, the Company has also made application to Central Government in Form MR2 on December 24, 2020 for its approval. The approval is still awaited as of the date of the Notice.

All other relevant details of Mr. Joseph and information as required under Regulation 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India, are mentioned in Annexure A attached hereto.

This explanatory statement and the resolution at Item Nos. 6 & 7 which outlines the terms and conditions may also be read and treated as disclosure in compliance with the requirement of Section 190 & 196 of the Companies Act, 2013.

Since his continuation as Director and as well as Whole-time Director is very much essential to the Company, the Board of Directors recommend passing of resolution in the manner proposed in Item Nos.6 & 7, to be passed by way of an Ordinary Resolution and a Special Resolution, respectively.

Except Mr. Joseph Vinod Anantharaju, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item Nos. 6 & 7 of the Notice.

Item No. 8

Your Directors based on the recommendation of Nomination, Remuneration and Board Governance Committee had appointed or redesignated Mr. Venkatraman Narayanan as Managing Director and CFO, with effect from November 4, 2020, for a period of five (5) years, subject to the approval of members.

All other relevant details of Mr. Venkatraman and information as required under Regulation 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under Secretarial Standard - 2 on General Meetings issued by The Institute of Company Secretaries of India, are mentioned in Annexure A attached hereto.

This explanatory statement and the resolution at Item No. 8 which outlines the terms and conditions may also be read and treated as disclosure in compliance with the requirement of Section 190 & 196 of the Companies Act, 2013.

Since his appointment as Managing Director and CFO is very much essential to the Company, the Board of Directors recommend passing of resolution in the manner proposed in Item No. 8, to be passed by way of a Special Resolution.

Except Mr. Venkatraman, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice.

Item No. 9

The Company appreciates the critical role employees play in the organizational growth. It strongly feels that the value created by its employees should be shared with them. Accordingly, in order to promote the culture of employee ownership and as well as to attract, retain, motivate and incentivize critical talents, the Company has employee stock option scheme, namely 'Happiest Minds Employee Stock Option Scheme 2020' ("ESOP 2020"), which was duly approved by the members prior to IPO on May 13, 2020.

In terms of Regulation 12(1) of SEBI ESOP Regulations, no company shall make any fresh grant which involves allotment or transfer of shares to its employees under ESOP scheme formulated prior to its IPO unless such scheme is in conformity with the SEBI ESOP Regulations and is ratified by its members after the IPO. The Company's existing scheme ESOP 2020 is already in compliance with SEBI ESOP Regulations and therefore we need to now get it ratified by the members of the Company.

The following are the broad terms and conditions of scheme - ESOP 2020:

(a) Brief description of the scheme:

ESOP 2020 contemplates grant of employee stock options to the eligible employees including Directors (excluding Independent Directors) of the Company, as may be determined in due compliance of extant law and provisions of ESOP 2020. After vesting of employee stock options, the employee stock option grantee earns a right (but not obligation) to exercise the vested employee stock options within the exercise period and obtain equity shares of the Company subject to payment of exercise price and satisfaction of any tax obligation arising thereon.

(b) Total number of employee stock options to be granted:

A total of 70,00,000 (Seventy Lakhs) employee stock options would be available for being granted to eligible employees of the Company under ESOP 2020 in one or more tranches, which in aggregate shall be exercisable into not more than 70,00,000 (Seventy Lakhs) equity shares of the Company. Each employee stock option when exercised would be converted into one equity share of INR 2 of the Company each fully paid-up.

Employee stock options lapsed or cancelled due to any reason including the reason of lapse of exercise period or due to resignation of the eligible employees or otherwise, would be available for being re-granted at a future date. The Board is authorized to re-grant such lapsed / cancelled options as per ESOP 2020.

In case of any corporate action (s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment will be made to the employee stock options granted, adjusting the number and price of the employee stock options such that the total value of the employee stock options in the hands of the employee stock option grantee remains the same after such corporate action, and allowing the vesting period and life of the employee stock options to be unaltered as far as possible to protect the rights of the employee stock option grantee.

(c) Identification of classes of employees entitled to participate in the scheme:

The following classes of employees are eligible to participate in ESOP 2020 as per SEBI ESOP Regulations:

(i) a permanent employee of the Company who has been working in India or outside India; or
(ii) a Director of the Company, whether a Whole-time Director or not but excluding an Independent Director; or
(iii) an employee as defined in (i) or (ii) of a subsidiary, in India or outside India.

but does not include—

(i) an employee who is a promoter or a person belonging to the promoter group of the Company; or
(ii) a Director who either himself / herself or through his / her relative or through any body corporate, directly or indirectly, holds more than 10 per cent of the outstanding equity shares of the Company.

(d) Requirements of vesting and period of vesting:
The vesting period shall be determined by the Board in accordance with applicable law and be provided in the letter of grant to be issued to the employee at the time of the issue of the employee stock options.

The vesting period of employee stock options granted shall be a maximum of four years and shall not be less than one year. The exact proportion in which and the exact period over which the employee stock options would vest would be determined by the Board, subject to the minimum vesting period of one year from the date of grant of employee stock options. The specific vesting schedule and vesting conditions subject to which vesting will take place will be outlined in the grant letter issued to each employee stock option grantee.

(e) The maximum period within which the options shall be vested:
The employee stock options granted shall vest not later than four years from the date of grant of such employee stock options.

(f) Exercise price or pricing formula:
The exercise price per employee stock option shall be such as may be determined by the Board which shall not be lesser than the face value of an equity share of the Company as on date of grant. The specific exercise price will be intimated to the employee stock option grantees in their respective grant letters.

(g) Exercise period and the process of exercise:
The specific exercise period will be intimated to the employee stock option grantees by the Board in their respective grant letters. In case of cessation of employment due to any reason, shorter exercise periods have been respectively prescribed in the ESOP 2020.

The vested employee stock options will be exercisable by the eligible employees upon the submission of a written exercise letter to the Board, along with such other documents as may be prescribed under the ESOP 2020. The employee stock options will lapse if not exercised within the specified exercise period. Upon exercise of vested employee stock options, eligible employees shall be either issued fresh equity shares by the Company or shall have existing equity shares transferred to them from the Trust. However, the Trust shall not undertake secondary acquisition, as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

(h) Appraisal process for determining the eligibility of the employees for the scheme:
The options shall be granted to the employees by the Board in its absolute discretion, taking into consideration factors such as per performance appraisal, seniority, period of service, the role of the employee, and such other criteria as may be determined by the Board at its sole discretion, from time to time.

(i) Maximum number of options to be issued per employee and in aggregate:
Number of employee stock options that may be granted to an eligible employee under the ESOP 2020 shall not exceed 4,50,000 (Four Lakhs Fifty Thousand) in aggregate per employee under ESOP 2020 or any such ceiling number of employee stock options as may be determined by the Board within such limit with respect to an individual eligible employee.

(j) Maximum quantum of benefits to be provided per employee under the scheme:
Any benefit other than grant of options or consequential issue of equity shares is not envisaged under the ESOP 2020. Accordingly, the maximum quantum of benefit for the employees under the ESOP 2020 is the difference between the exercise price of the options and the market price of the equity shares of the Company as on the date of exercise of options.

(k) Whether the scheme is to be implemented and administered directly by the Company or through a Trust:
ESOP 2020 is implemented and administered by the Trust under the direction of the Board.

(l) Whether the scheme involves new issue of shares by the Company or secondary acquisition by the Trust or both:
ESOP 2020 involves either new issue of shares by the Company or utilization of existing shares held by the Trust. There will be no secondary acquisition of shares by the Trust.

(m) The amount of loan to be provided for implementation of the scheme by the Company to the Trust, its tenure, utilization, repayment terms, etc:
Since the Trust is not permitted to make secondary acquisition of shares and the shares required for the ESOP 2020 will either be directly allotted by the Company or the existing shares held by the Trust would be used, the Company does not envisage requirement of loan by the Trust. Accordingly, particulars of loan is not applicable.

(n) Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the Trust for the purposes of the scheme:
Not applicable as secondary acquisition is not permitted.

(o) Accounting Policies and disclosures:
As specified in Regulation 15 of the SEBI ESOP Regulations, the Company shall comply with the requirements of the 'Guidance Note on Accounting for employee share-based Payments' or other accounting standards as may be prescribed by the Institute of Chartered Accountants of India from time to time including the disclosure requirements.

(p) Method of option valuation:
The Company shall adopt fair value method for valuation of the employee stock options as prescribed under guidance note or under any relevant accounting standard notified by appropriate authorities from time to time.

In case the Company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the fair value of the employee stock options, shall be disclosed in the Boards' Report and also the impact of this difference on profits and on earnings per share of the Company shall also be disclosed in the Boards' Report.

(q) Lock-in period:
The equity shares of the Company issued pursuant to exercise of vested employee stock options shall not be subject to any lock-in period.

(r) The conditions under which option vested in employees may lapse:
The vested options shall lapse in case of termination of employment due to the following: (i) convicted of an offence involving moral turpitude or that disentitles the eligible employee from being an employee in accordance with the Company's policies and/or applicable law; or (ii) commission of fraud, misappropriation or embezzlement by an employee; (iii) wilful dishonesty, gross misconduct; (iv) abandonment of employment by the employee; (v) termination of employment of the employee by the Company for reasons relating to performance of such employee; and/or (vi) any other action(s) that, in view of the Board is disruptive or detrimental to the functioning of the Company. Further, irrespective of employment status, in case vested options are not exercised within the prescribed exercise period, then such vested options shall lapse.

In case of termination of employment due to cause as specified above, all the vested and unvested options shall lapse and cannot be exercised.

In case of resignation/ termination (other than due to cause), all the unvested options would lapse and the vested options can be exercised by the employee stock option grantee within the period stipulated in the grant letter.

In case of death or permanent incapacity, all the unvested options would vest and the vested options can be exercised by the option grantee or nominee of the option grantee, as applicable, within the period stipulated in the grant letter.

(s) Listing:
The shares allotted pursuant to the exercise of the stock options under ESOP 2020, shall be listed on BSE Limited and National Stock Exchange of India Limited.

Copy of the scheme ESOP 2020 will be made available for inspection during the meeting and provided to the members on written request to the Company Secretary of the Company.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 of the Notice, except to the extent of their respective shareholding, if any in the Company or the equity shares that may be offered to them under ESOP 2020. The Board of Directors recommend passing of resolution in the manner proposed in Item No. 9, to be passed by way of a Special Resolution.

Registered Office:
#53/1-4, Hosur Main Road,
Madivala (Next to Madivala Police Station),
Bengaluru-560068, Karnataka, India

By Order of the Board
For **HAPPIEST MINDS TECHNOLOGIES LTD**

Date: June 7, 2021
Place: Bengaluru

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

Annexure A

Profile of Directors being appointed at the AGM

(In pursuance to Reg. 26 (4) & 36 (3) of the SEBI (LODR) Regulations and Secretarial Standard - 2)

Name of the Director	**Mr. Venkatraman Narayanan** 	**Mr. Joseph Vinod Anantharaju** 
DIN No.	01856347	08859640
Date of birth (Age)	April 29, 1971 (50 years)	March 1, 1971 (50 years)
Date of appointment	Nov 4, 2020 as Managing Director & CFO (He was first appointed on the Board on Jan 16, 2018 as Executive Director)	Nov 4, 2020 as Executive Vice Chairman
Qualification	B.Com, LLB, FCA	BE, MBA
Experience & expertise in specific functional areas	Over 25 years of experience in the area of finance, accounts and management. Prior to joining the Company in 2015, he was associated with Sonata Software Limited	Over 25 years of experience in the areas of strategy, sales & marketing, operations and management. Prior to joining the Company in 2011, he was associated with Mindtree Limited
Directorships held in other Companies in India	Govardhan Trading Company Private Limited	Nil
Chairmanship / Membership of Committees held in other Companies in India	Nil	Nil
Relationship with other Directors and KMP	None	None
No. of Shares held in the Company (% to total capital)	842,137 (0.57%)	425,000 (0.29%)
No. of Board Meetings attended during FY'21	14 (Fourteen)	3 (Three)*
Terms and conditions of appointment	No special perquisites or benefits as a Director. All terms and conditions of appointment as per the employment agreement and applicable polices of the Company. As a Director he is liable to retire by rotation	No special perquisites or benefits as a Director. All terms and conditions of appointment as per the employment agreement and applicable polices of the Company. As a Director he is liable to retire by rotation
Details of Remuneration sought to be paid	INR 1,12,34,720 per annum	US$ 412,440 per annum

*He was Director only for the part of the financial year and attended all the meetings.

Note: The Directors have furnished consent/declarations for their appointment as required under the Companies Act and Rules made thereunder. For other details of the above Directors, please refer to the Report on Corporate Governance, which is a part of the Annual Report 2021.

Annexure B

Detailed instructions for remote e-voting, the process to receive notice and login credentials by the persons who become members after the cut-off date, participation in the AGM through VC, and for e-voting during the AGM

1. Any person who becomes a Member of the Company after sending this Notice of AGM but on or before the cut-off date viz. Wednesday, June 30, 2021, can access the notice of AGM along with the Annual report for the financial year 2020-21 on the website of the Company **https://www.happiestminds.com/investors/** , website of stock exchanges i.e. BSE Limited **https://www.bseindia.com/** and National Stock exchange of Indian Limited **https://www.nseindia.com/** and on the website of RTA at **https://evoting.kfintech.com/**.
2. Members who have not registered their email address as a consequence of which the Annual Report, Notice of AGM, and e-voting instructions could not be serviced or who have become members post sending of this Notice of AGM, may temporarily get their email address and mobile number updated with the Company's RTA, by clicking the link: **https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx**
   Members are requested to follow the process as guided in the above-mentioned link to capture the email address and mobile number for sending the soft copy of the Notice and e-voting instructions along with the User ID and Password. In case of any queries, please write to **einward.ris@kfintech.com**

3. **INSTRUCTION FOR REMOTE E-VOTING:**
   Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the Listing Regulations and applicable Circulars, the Company is offering the facility of remote e-voting to its Members. The facility of casting votes by a Member using a remote e-voting system before the AGM as well as during the AGM will be provided by Company's RTA – M/s KFin Technologies Pvt Ltd.

   (a) Login method for e-Voting: Applicable only for Individual shareholders holding securities in Demat
   As per the SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in Demat mode are allowed to vote through their demat account maintained with their respective Depositories and Depository Participants as detailed below. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

   Option 1 – Login through Depositories

NSDL	CDSL
1. **Members who have already registered and opted for IDeAS facility to follow below steps:** (i) Go to URL: **https://eservices.nsdl.com** (ii) Click on the "Beneficial Owner" icon under 'IDeAS' section. (iii) On the new page, enter the existing User ID and Password. Post successful authentication, click on "Access to e-Voting" (iv) Click on the company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.	1. **Members who have already registered and opted for Easi / Easiest to follow below steps:** (i) Go to URL: **https://web.cdslindia.com/myeasi/home/login** ; or (ii) URL: **www.cdslindia.com** and then go to Login and select New System Myeasi (iii) Login with user id and password. (iv) The option will be made available to reach e-Voting page without any further authentication. (v) Click on company name or e-Voting service provider name to cast your vote during the remote e-Voting period.
2. **User not registered for IDeAS e-Services** (i) To register click on link: **https://eservices.nsdl.com** (Select "Register Online for IDeAS") or **https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp** (ii) Proceed with completing the required fields.	2. **User not registered for Easi/Easiest** (i) Option to register is available at **https://web.cdslindia.com/myeasi/Registration/EasiRegistration** (ii) Proceed with completing the required fields.

3. **First-time users can visit the e-Voting website directly and follow the process below:** (i) Go to URL: **https://www.evoting.nsdl.com/** (ii) Click on the icon "Login" which is available under 'Shareholder/Member' section. (iii) Enter User ID (i.e. 16-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. (iv) Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. (v) Click on the company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.	3. **First-time users can visit the e-Voting website directly and follow the process below:** (i) Go to URL: **www.cdslindia.com** (ii) Click on the icon "E-Voting" (iii) Provide demat Account Number and PAN No. (iv) System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account. (v) After successful authentication, the user will be provided links for the respective ESP where the e-Voting is in progress. (vi) Click on the company name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Option 2 - Login through Depository Participants.

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Click on e-Voting option and you will be redirected to NSDL/CDSL Depository site after successful authentication. Click on the company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Important note:

Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at the above-mentioned website. For any technical issues, Members may contact as below:

NSDL	CDSL
NSDL helpdesk by email to: **evoting@nsdl.co.in** or call at toll-free no.: 1800 1020 990 or 1800 22 44 30	CDSL helpdesk by email to **helpdesk.evoting@cdslindia.com** or call at 022-23058738 or 22-23058542-43

(b) Login method for e-Voting: Applicable only for Members holding shares in physical form and for Non-Individual Members (holding shares either in physical or demat):

Please access the RTA's e-voting platform at the URL: **https://evoting.kfintech.com/**

Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from RTA which will include details of E-Voting Event Number (EVEN) i.e., 5934, USER ID and password. Members are requested to use these credentials at the Remote Voting Login at the above-mentioned URL.

Alternatively, if the member is already registered with RTA's e-voting platform, then he can use their existing User ID and password for casting the vote through remote e-voting. If they have forgot the password, then they may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

Members can also use SMS service to get the credentials if their mobile number is registered against Folio No. / DP ID Client ID, by sending SMS: MYEPWD <space> EVEN No+Folio No. (in case of physical shareholders) or MYEPWD <space> DP ID Client ID (in case of shares held in DEMAT form) to 9212993399.

Example for NSDL	MYEPWD <SPACE> IN12345612345678
Example for CDSL	MYEPWD <SPACE> 1402345612345678
Example for Physical	MYEPWD <SPACE> 5934HMT12345678

4. **OTHER GENERAL INSTRUCTION FOR REMOTE E-VOTING:**

   a) The remote e-voting facility will be available during the following period:

Start date and time	Sunday, July 04, 2021 at 09.00 a.m IST
End date and time	Tuesday, July 06, 2021 at 05.00 p.m IST

   b) The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled/blocked by RTA upon expiry of the aforesaid period. Once the vote on a resolution is cast by the Member(s), they shall not be allowed to change it subsequently or cast the vote again.

   c) In case of any query pertaining to e-voting, please refer Help' or 'FAQs' and 'User Manual for shareholders' available at the 'Download' section on the website (bottom corner) of our RTA at **https://evoting.kfintech.com/.** Member may also call RTA at toll free number 1-800-3094-001 or send an e-mail request to **einward.ris@kfintech.com** for all e-voting related matters.

5. **INSTRUCTION FOR E-VOTING AT E-AGM:**

   a) Only those members who will be present in the e-AGM through video conference facility and have not cast their vote earlier through remote e-voting are eligible to vote through e-voting during the e-AGM.

   b) Members who have cast their votes by remote e-voting prior to the meeting may attend the meeting but shall not be entitled to cast their vote again.

   c) Upon the declaration by the Chairperson about the commencement of e-voting at e-AGM, Members shall click on the "Vote" sign on the left-hand bottom corner of their video screen for voting at the e-AGM, which will take them to the 'Instapoll' page.

   d) Members to click on the "Instapoll" icon to reach the resolution page and follow the instructions to vote on the resolutions.

   e) The facility of Instapoll will be available during the time not exceeding 15 minutes from the commencement of e-voting as declared by the Chairman at e-AGM and can be used for voting only by those Members who hold shares as on the cut-off date viz. June 30, 2021, and who are attending the meeting and who have not already cast their vote(s) through remote e-voting.

6. **INSTRUCTION FOR MEMBERS FOR ATTENDING THE E-AGM:**

   a) Members will be able to attend the e-AGM through VC/OAVM provided by RTA at **https://emeetings.kfintech.com/** by clicking on the tab 'video conference' and using their remote e-voting login credentials shared through email. The link for e-AGM will be available in the Member's login where the event and the name of the Company can be selected. Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the instructions mentioned in clause 2 of this Annexure.

   b) Members are encouraged to join the meeting through Laptops with Google Chrome for a better experience.

   c) Further, members will be required to use the camera, if any, and hence it is recommended to use the internet with a good speed to avoid any disturbance/glitch/garbling, etc. during the meeting.

   d) While all efforts would be made to make the VC/OAVM meeting smooth, participants connecting through mobile devices, tablets, laptops, etc. may at times experience audio/video loss due to fluctuation in their respective networks. The use of a stable Wi-Fi or LAN connection can mitigate some of the technical glitches.

   e) Members, who would like to express their views or ask questions during the e-AGM will have to register themselves as a speaker by visiting the URL **https://emeetings.kfintech.com/** and clicking on the tab 'Speaker Registration' and mentioning their registered e-mail id, mobile number, and city, during the period starting from July 04, 2021 at 09.00 a.m IST up to July 05, 2021 at 05.00 p.m IST. Only those members who have registered themselves as a speaker will be allowed to express their views/ask questions during the e-AGM and the maximum time per speaker will be restricted to 3 minutes.

      The Company reserves the right to restrict the number of speakers depending on the availability of time for the e-AGM. Please note that questions of only those Members will be entertained/considered who are holding shares of Company as on the cut-off date i.e., June 30, 2021.

f) A video guide assisting the members attending e-AGM either as a speaker or participant is available for quick reference at URL **https://cruat04.kfintech.com/emeetings/video/howitworks.aspx**

g) Members who need technical or other assistance before or during the e-AGM can contact RTA by sending email to **emeetings@kfintech.com** or call at Helpline: 1800 309 4001 (toll-free).

h) Due to limitations of transmission and coordination during the Q&A session, the Company may dispense with the speaker registration during the e-AGM.

7. **GENERAL INSTRUCTION FOR MEMBERS:**

a) The Chairperson shall formally propose to the Members participating through VC/OAVM facility to vote on the resolutions as set out in this Notice of 10th AGM (e-AGM) and shall also announce the start of the casting of the vote at AGM through the e-voting platform of our RTA - KFin Technologies Pvt. Ltd and thereafter the e-voting at AGM will commence.

b) The Scrutiniser shall, immediately after the conclusion of e-voting at the AGM, first count the votes cast during the meeting, thereafter unlock the votes cast through remote e-voting and make a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, and submit the report to the Chairperson of the Company or any person authorized in that respect, who shall countersign the same and thereafter announce the results of the e-voting. The results declared along with the scrutinizer's report shall be placed on the Company's website at www.happiestminds.com/investors and the website of RTA at https://evoting.kfintech.com/ and shall also be communicated to the stock exchanges viz BSE Limited & National Stock Exchange of India Ltd. where the shares of the Company are listed. The resolutions shall be deemed to be passed at the e-AGM of the Company subject to obtaining requisite votes thereto.

Summarized information at a glance:

Particulars	Details
Time and date of AGM	4.00 PM IST on Wednesday the July 7, 2021
Venue/Mode	Through video conference at below link: **https://emeetings.kfintech.com/**
Book closure dates	From July 1, 2021 to July 7, 2021 (both days inclusive)
Record date for payment of final dividend	June 30, 2021
Final dividend recommended for FY'21	Rs.3/- per share
Final dividend payout date, if approved by members	On or after July 12, 2021
Detailed information on TDS	**https://www.happiestminds.com/investors/disclosures/**
Cut-off date for e-Voting	June 30, 2021
E-voting Start time and date	Sunday, July 04, 2021 at 09.00 a.m IST
E-voting end time and date	Tuesday, July 06, 2021 at 05.00 p.m IST
E-voting website links (Please use as applicable to you)	**https://evoting.kfintech.com/** **https://eservices.nsdl.com** **https://web.cdslindia.com/myeasi/home/login**
E-voting Event Number (EVEN)	5934
Weblink for temporary registration to receive AGM Notice and credentials for E-voting/eAGM	**https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx**
Contact details of RTA	Mr. Umesh Pandey, Manager KFin Technologies Private Limited Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032, Telangana Email ids: **einward.ris@kfintech.com** **umesh.pandey@kfintech.com** Website: **https://www.kfintech.com** Toll free number: 1- 800-309-4001

About Happiest Minds Technologies

Happiest Minds Technologies Limited (NSE: HAPPSTMNDS), a Mindful IT Company, enables digital transformation for enterprises and technology providers by delivering seamless customer experiences, business efficiency and actionable insights. We do this by leveraging a spectrum of disruptive technologies such as: artificial intelligence, blockchain, cloud, digital process automation, internet of things, robotics/drones, security, virtual/augmented reality, etc. Positioned as 'Born Digital . Born Agile', our capabilities span digital solutions, infrastructure, product engineering and security. We deliver these services across industry sectors such as automotive, BFSI, consumer packaged goods, e-commerce, edutech, engineering R&D, hi-tech, manufacturing, retail and travel/transportation/hospitality. A Great Place to Work-Certified™ company, Happiest Minds is headquartered in Bangalore, India with operations in the U.S., UK, Canada, Australia and Middle East.

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