Notes to the Consolidated Financial Statements

for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

Corporate Information

Happiest Minds Technologies 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, 2022 were approved by Board of Directors on May 05, 2022.

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, 2022.

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 and

d) Contingent consideration

b) Functional currency and presentation currency

These Consolidated Financial Statements are presented in India Rupee (₹), which is also functional currency of the Parent Company. All the values are rounded off to the nearest Lacs (₹ 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.

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

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 March 31, 2022 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.

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 March 31, 2022. 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

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.

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, 2022	Ownership interest as at March 31, 2021
Happiest Minds Technologies LLC,	IT services	United States of America	Nil *	Nil
Happiest Minds Inc. (formerly known as PGS Inc.)	IT services	United States of America	100%**	100%

*Liquidated on June 2020, refer note 46

** refer note 45

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

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

The Group applies judgement to determine whether each product or service promised to a customer is capable of being distinct, and is distinct in the context of the contract, if not, the promised product or service is combined and accounted as a single performance obligation.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. The Group allocates the arrangement consideration to separately identifiable performance obligation deliverables based on their relative stand-alone selling price. In cases where the Group is unable to determine the stand-alone selling price, the Group uses expected cost-plus margin approach in estimating the stand-alone selling price. Volume discounts are recorded as a reduction of revenue. When the amount of discount varies with the levels of revenue, volume discount is recorded based on estimate of future revenue from the customer.

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 are recognized using the "percentage of completion" method. The Group uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, revenue recognized, profit and timing of revenue for remaining performance obligations are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable.. 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.

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

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.

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 principle 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.
- 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

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.

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

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

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

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

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

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

d Intangible assets

Goodwill

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or 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 years

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

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

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

Subsequent costs related to Intangible assets are 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

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.

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 1 and 5 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

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.

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

Short-term leases and leases of low-value assets

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Management have not considered any future cash outflow for which they are potentially exposed arising due to extension and termination options.

h 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 principle and interest (SPPI)' on the principle 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)

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 principle amount outstanding.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

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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.

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

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- 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, unbilled 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.

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

- Trade receivables, unbilled revenue and contract assets

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.

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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.

c) Loans and borrowings

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

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

This category generally applies to borrowings. For more information refer note 19.

Derecognition

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

d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the 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.

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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.

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 Group

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classified as equity is carried at its transaction value and shown within "other equity". CCPS issued by the Group 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
- 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 Statements 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.

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- 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 (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 Company 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

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have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

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

Post-employment obligations

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

Equity-settled transactions:

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

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.

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.

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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
- 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

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- 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 Group reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

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 issued from the treasury shares.

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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 43 for segment information.

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

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.

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 46.

t Change in accounting policies and disclosure

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

MCA issued an amendment to Ind AS 116 Covid-19-Related Rent Concessions beyond 30 June 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before 30 June 2022 from 30 June 2021. The amendment applies to annual reporting periods beginning on or after April 1, 2021. In case a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after April 1, 2020.

The group has continued to apply the practical expedient for the extended period. Refer note 27

(ii) Amendment to Ind AS 103 Business Combination:

The amendment states that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards* issued by the Institute of Chartered Accountants of India at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method. Instead, the acquirer recognises those costs in its post-combination financial statements in accordance with other Ind AS.

These amendments had no impact on the financial statements of the Group.

(iii) Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

These amendments had no impact on the financial statements of the Group.

(iv) Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

The definition of "Recoverable amount" is amended such that the words "the higher of an asset's fair value less costs to sell and its value in use" are replaced with "higher of an asset's fair value less costs of disposal and its value in use". The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28.

These amendments had no impact on the financial statements of the Group.

(v) Amendments to Schedule III to the Companies Act, 2013 ("Schedule III")

The MCA had notified the amendments to Schedule III to the Companies Act, 2013 on 24 March 2021. The amendment contained significant additional disclosures requirement in the financial statements. The Group has adopted such changes in preparing these Consolidated Financial Statements.

u Standards notified but not yet effective:

(i) Amendments to Ind AS 37– Provisions, Contingent Liabilities and Contingent Assets

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April1,2022, although early adoption is permitted. The Group has evaluated the amendment and there is no impact on its financial statements.

There were no other standard notified but not yet effective upto the date of issuance of the Group'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.

The parameter most subject to change is the discount rate. The mortality rate is based on publicly available mortality table in India. The mortality tables tend to change only at interval in response to demographic changes. Further salary increases and gratuity increases are based on expected future inflation rates. Further details about the gratuity obligations are given in Note 35.

(b) 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

(c) Uncertainty relating to the global health pandemic on COVID-19

In assessing the recoverability of receivables including unbilled receivables, contract assets and contract costs, goodwill, intangible assets, and certain investments, the Group has considered internal and external information up to the date of approval of these consolidated financial statements including credit reports and economic forecasts. Based on the current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets.

The Group bases its assessment on the belief that the probability of occurrence of forecasted transactions is not impacted by COVID-19. The Group has considered the effect of changes, if any, in both counterparty credit risk and its own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness and continues to believe that COVID-19 has no impact on effectiveness of its hedges. The impact of COVID-19 may be different from what we have estimated as of the date of approval of these consolidated financial statements and 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, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

3 Property, plant and equipment

	Computer Systems	Office equipments	Furniture and fixtures	Leasehold improvements	Total	Capital work-in-progress
Cost or valuation						
As at April 01, 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**
Additions	45	11	-	11	67	
Transfers from CWIP	-	-	-	14	14	(14)
Disposals	(27)	(1)	-	-	(28)	
As at March 31, 2022	**265**	**144**	**25**	**71**	**505**	**-**
Accumulated depreciation						
As at April 01, 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**	**-**
Charge for the year	37	18	-	16	71	-
Disposals	(27)	-	-	-	(27)	-
As at March 31, 2022	**228**	**116**	**24**	**59**	**427**	**-**
Net book value						
As at March 31, 2021	**29**	**36**	**1**	**3**	**69**	**14**
As at March 31, 2022	**37**	**28**	**1**	**12**	**78**	**-**

Note:

(i) The Group 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.

(ii) Refer note 19 for details of charge created on the Property, plant and equipment.

There are no CWIP as at March 31, 2022.

As at March 31, 2021	Amount in CWIP for a period				Total
	Less than 1 years	**1-2 years**	**2-3 years**	**More than 3 years**	
Projects in progress	14	-	-	-	14
Projects temporarily suspended	-	-	-	-	-
Total	**14**	**-**	**-**	**-**	**14**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

4 Goodwill and other intangible assets

i) Goodwill

	March 31, 2022	March 31, 2021
Cost or valuation		
Deemed cost		
As at April 01	**9,532**	**2,990**
Acquisition of subsidiary - refer note 45	**-**	**7,020**
Deletion on liquidation of subsidiary - refer note (i) below	**-**	**(492)**
Exchange difference	**252**	**14**
As at March 31	**9,784**	**9,532**
Accumulated Impairment		
As at April 01	**1,888**	**2,380**
Deletion on liquidation of subsidiary - refer note (i) below	-	(492)
As at March 31	**1,888**	**1,888**
Net book value as at March 31	**7,896**	**7,644**

ii) Other intangible assets

	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, 2020	**32**	**577**	**42**	**254**	**-**	**905**	**17**
Additions	-	-	-	19	-	19	-
Acquisition of subsidiary - refer note 45	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	(32)	(373)	(31)	-	-	(436)	-
Exchange difference	-	5	-	1	-	6	
As at March 31, 2021	**88**	**2,821**	**62**	**554**	**94**	**3,619**	**-**
Additions	-	-	-	311	-	311	35
Exchange difference	3	94	2	9	3	111	-
As at March 31, 2022	**91**	**2,915**	**64**	**874**	**97**	**4,041**	**35**
Accumulated amortisation/ Impairment							
As at April 01, 2020	**32**	**574**	**41**	**186**	**-**	**833**	**-**
Charge for the year	11	166	5	61	12	255	-
Deletion on liquidation of subsidiary - refer note (i) below	(32)	(373)	(31)	-	-	(436)	-
Exchange difference	-	1	-	-	-	1	-
As at March 31, 2021	**11**	**368**	**15**	**247**	**12**	**653**	**-**
Charge for the year	45	666	17	194	48	970	
Exchange difference	1	18	-	2	1	22	
As at March 31, 2022	**57**	**1,052**	**32**	**443**	**61**	**1,645**	**-**
Net book value							
As at March 31, 2021	**77**	**2,453**	**47**	**307**	**82**	**2,966**	**-**
As at March 31, 2022	**34**	**1,863**	**32**	**431**	**36**	**2,396**	**35**

Note:

(i) The Group 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

Intangibles assets under development Ageing (IAUD)

As at March 31, 2022	Amount in IAUD for a period				Total
	Less than 1 years	1-2 years	2-3 years	More than 3 years	
Projects in progress	35	-	-	-	35
Projects temporarily suspended	-	-	-	-	-
Total	**35**	**-**	**-**	**-**	**35**

There were no IAUD as at March 31, 2021.

Impairment of goodwill

The Goodwill of ₹ 1,888 Lacs relates to business acquisition of OSS Cube Solutions Limited, ₹ 611 Lacs relates to the business acquisition of Cupola Technology Private Limited and ₹ 7,285 Lacs 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 DBS-PGS cash generating units (CGUs) respectively. Goodwill related to OSS cube is fully impaired.

Goodwill is tested for impairment on an annual basis by the Group. The recoverable value of the CGU is determined based on value-in-use calculation using the cash flow projections based on the financial budgets approved by the 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 had neither been significant time lapse from the date of such acquisition to the reporting date (i.e. March 31, 2021) nor any significant change in business had occured during the period and thus the management believed that there would not be any material impact on the value of goodwill on performing the impairment assessment. Hence the management did not carry out impairment testing of goodwill for the year ended March 31, 2021.

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

	IoT		DBS-PGS	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Discount rate	22.32%	20.01%	20.93%	Refer note above
Long term growth rate	4.00%	4.00%	2.00%	Refer note above
Sales growth	20.00%	10.00%	25.00%	Refer note above
Carrying value of goodwill	611	611	7,285	7,034

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).

There is no impairment noted in the IoT and DBS-PGS CGUs 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 and DBS-PGS CGUs lower than the carrying amount of respective CGU.

5 Right-of-use assets

	Computer systems	Office buildings	Motor vehicles	Total
As at April 01 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**
Additions	1,495	3,992	-	5,487
Depreciation	(750)	(1,492)	(5)	(2,247)
As at March 31, 2022	**1,578**	**3,806**	**6**	**5,390**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

The average lease period of the leased assets is 4.7 years.

The group recognized the following income and expense in the statement of profit and loss pertaining to leased assets:

	March 31, 2022	March 31, 2021
Rent concession income	323	302
	323	**302**
Interest expense on lease liabilities	487	328
Depreciation of Right-of-use assets	2,247	1,931
Rent expense pertaining to short- term leases	284	166
	3,018	**2,425**

6 Loans

Carried at amortised cost

	March 31, 2022	March 31, 2021
Current		
Loans considered good - Unsecured		
Loans to employees	4	14
	4	**14**

7 Other financial assets

		March 31, 2022	March 31, 2021
(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	1,113	1,733
	Margin money deposits - refer note (i) below	375	376
	Security deposit	339	349
		1,827	**2,458**
(i)	**Margin money deposit is used to secure:**		
	Term loan - Federal bank	370	370
	Guarantees given	5	6
	Current		
	Interest accrued on fixed deposit	26	52
	Unbilled revenue#	8,911	5,493
	Security deposit	389	798
	Other receivables	11	34
		9,337	**6,377**
	Security deposit - credit impaired	1	1
	Less: Allowance for credit impaired loans	(1)	(1)
	Less: loss allowance on unbilled revenue	(181)	(121)
		9,156	**6,256**
#	Classified as financial asset as right to consideration is unconditional and is due only after a passage of time. Includes ₹ 67 from related party. Refer note 39		
(b)	**Derivative instruments carried at fair value through OCI**		
	Cash flow hedges		
	Foreign currency forward contracts	249	523
		249	**523**
Total other current financial assets		**9,405**	**6,779**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

8A Income tax assets (net)

	March 31, 2022	March 31, 2021
Non - current	680	1,408
Income tax assets (net)	**680**	**1,408**

8B Income tax liabilities (net)

	March 31, 2022	March 31, 2021
Current	239	-
Income tax liabilities (net)	**239**	**-**

9 Other assets

Unsecured, considered good, unless otherwise stated

	March 31, 2022	March 31, 2021
Non - current		
Prepaid expenses	1	7
	1	**7**
Current		
Prepaid expenses	1,033	798
Balances with statutory / government authorities	170	449
Advance to employees against expenses	58	22
Advance to suppliers	97	64
Other advances	100	-
Unbilled revenue #	1,973	480
	3,431	**1,813**
Less: loss allowance on unbilled revenue	(39)	(11)
	3,392	**1,802**

Classified as non-financial assets as the contractual right to consideration is dependent upon completion on contractual milestones.

10 Deferred tax assets (net)

	March 31, 2022	March 31, 2021
Deferred tax assets (net)	697	1,026
	697	**1,026**

Significant components and movement in deferred tax assets and liabilities during the year ended March 31, 2022 :

	April 01, 2021	Recognised in profit or loss [charge/(credit)]	Foreign currency translation reserve	March 31, 2022
Deferred tax liability				
Mutual funds	54	307	-	361
Goodwill	91	63	-	154
Derivative assets	128	-	(80)	48
Total deferred tax liabilities	**273**	**370**	**(80)**	**563**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

	April 01, 2021	Recognised in profit or loss [charge/(credit)]	Foreign currency translation reserve	March 31, 2022
Deferred tax assets				
Property, plant and equipment and intangible assets	(75)	14	-	(61)
Loss allowance on trade receivables	(318)	11	-	(307)
Lease liability and right-of-use assets	(125)	(7)	-	(132)
Provision for gratuity and leave encashment	(618)	111	(24)	(531)
Others	(163)	(66)	-	(229)
Total deferred tax assets	**(1,299)**	**63**	**(24)**	**(1,260)**
Deferred tax assets (net)	**(1,026)**	**433**	**(104)**	**(697)**

Significant components and movement in deferred tax assets and liabilities during the year ended March 31, 2021 :

	April 01, 2020	Recognised in profit or loss [charge/(credit)]	Foreign currency translation reserve	March 31, 2021
Deferred tax liability				
Mutual funds	-	54	-	54
Goodwill	-	91	-	91
Derivative assets	-	-	128	128
Total deferred tax liabilities	**-**	**70**	**128**	**198**
Deferred tax assets				
Property, plant and equipment and intangible assets	-	(75)	-	-75
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 liabilities (net)

	March 31, 2022	March 31, 2021
Deferred tax liabilities (net)	468	725
	468	**725**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

Significant components and movement in deferred tax assets and liabilities during the year ended March 31, 2022 :

	April 01, 2021	Recognised in profit or loss [charge/(credit)]	Foreign currency translation reserve	March 31, 2022
Deferred tax liability				
Property, plant and equipment and intangible assets	725	(216)	22	531
Total deferred tax liabilities	**725**	**(216)**	**22**	**531**
Deferred tax Assets				
Loss allowance on trade receivables	-	(62)	(1)	(63)
Total deferred tax assets	**-**	**(62)**	**(1)**	**(63)**
Deferred tax liabilities (net)	**725**	**(278)**	**21**	**468**

Significant components and movement in deferred tax assets and liabilities during the year ended March 31, 2021 :

	April 01, 2020	Acquisition of subsidiary - refer note 45	Recognised in profit or loss [charge/(credit)]	Foreign currency translation reserve	March 31, 2021
Deferred tax liability					
Property, plant and equipment and intangible assets	-	777	(53)	1	725
Total deferred tax liabilities	**-**	**777**	**(53)**	**1**	**725**

11 Investments

Non-current

Carried at fair value through other comprehensive income [FVTOCI] (fully paid)

	March 31, 2022	March 31, 2021
Unquoted		
134 (March 31, 2021 : Nil) Series A Common Shares of $ 0.01 par value of TECH4TH Solutions Inc.	762	-
	762	**-**

Investment at fair value through OCI represents investment in unquoted equity shares. These equity shares have been designated as FVTOCI as they are not held for trading.

Current

Carried at fair value through statement of profit and loss

	March 31, 2022 Units in Lacs	March 31, 2021 Units in Lacs	March 31, 2022 Amount	March 31, 2021 Amount
Quoted				
Aditya Birla - Money manager fund - Growth	3	-	803	-
Aditya Birla - Savings Fund - Growth	19	16	8,370	6,759
Axis - Banking and PSU debt fund - Growth	1	-	3,062	-
Axis - Treasury Advantage Fund - Growth	-	1	-	2,954
HDFC - Ultra short term fund - Growth	727	756	9,023	9,028
ICICI Prudential - Liquid fund - Growth	-	5	-	1,487
ICICI Prudential - Savings Fund - Growth	-	-	-	-
ICICI Prudential - Short term - Growth #	-	9	-	405

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Units in Lacs	Units in Lacs	Amount	Amount
ICICI Prudential - Short term fund - Growth	72	-	3,679	-
ICICI Prudential - Ultra short term fund - Growth	367	301	8,785	6,865
IDFC - Banking and PSU debt fund - Growth	175	-	3,578	-
IDFC - Ultra short term fund - Growth	-	365	-	4,368
Kotak - Banking & PSU Debt fund - Growth	76	-	4,119	-
Kotak - Savings Fund - Growth	-	210	-	7,282
L&T - Banking & PSU Debt fund - Growth	194	-	4,087	-
Nippon - Banking and PSU debt fund - Growth	27	-	459	-
UTI - Ultra short term fund - Growth	*	-	435	-
			46,400	**39,148**

Note:

Nil units of mutual funds of ICICI prudential mutual fund (March 31, 2021 - 9 Lacs units) is pledged with RBL Bank as security towards packing credit facilities availed by the Parent Company for the year ended March 31, 2022.

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

Aggregate book value of quoted investments	46,400	39,148
Aggregate market value of quoted investments	46,400	39,148
Aggregate value of unquoted investments	762	-
Aggregate amount of impairment in value of investments	-	-

12 Trade receivables

Carried at amortised cost

	March 31, 2022	March 31, 2021
Current		
Trade receivables - others	16,732	12,192
Trade receivables - related party - refer note 39	6	-
Total trade receivables	**16,738**	**12,192**
Break-up for security details		
Unsecured, considered good	18,248	13,593
	18,248	**13,593**
Impairment allowance		
Unsecured, considered good	(1,510)	(1,401)
Trade receivables net of impairment	**16,738**	**12,192**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

Trade receivables Ageing Schedule

As at March 31, 2022	Outstanding for the following periods from the due date of payment						Total
	Current but not due	Less than 6 months	6 months-1 years	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables - considered good	13,346	3,714	484	448	130	126	18,248
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Total	**13,346**	**3,714**	**484**	**448**	**130**	**126**	**18,248**
Less: Impairment allowance							(1,510)
Total							**16,738**

As at March 31, 2021	Outstanding for the following periods from the due date of payment						Total
	Current but not due	Less than 6 months	6 months-1 years	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables - considered good	9,201	3,760	282	177	37	136	13,593
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Total	**9,201**	**3,760**	**282**	**177**	**37**	**136**	**13,593**
Less: Impairment allowance							(1,401)
Total							**12,192**

(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 immediate to 180 days.

(iii) For terms and conditions relating to related party receivables refer note 39.

(iv) For unbilled revenue refer note 7

13 Cash and cash equivalents

	March 31, 2022	March 31, 2021
Balances with banks:		
- in current accounts	5,649	4,179
- in EEFC accounts	1,080	2,029
Deposits with original maturity of less than three months - refer note below	-	2,375
	6,729	**8,583**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

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, 2022	March 31, 2021
Fixed deposit		9,092	2,940
Margin money deposits - refer note (i) below		972	2,995
Balances with bank in unpaid dividend account		7	-
		10,071	**5,935**
(i)	Margin money deposit is used to secure:		
	Working capital facility and bank overdrafts	200	2,100
	Guarantees given	772	895

15 Share Capital

Equity share capital

i) Authorised share capital

	Numbers	Amount
Equity share capital of ₹ 2 each		
As at April 01,2020	**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**
Increase during the year - refer note below	-	-
As at March 31, 2022	**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 Lacs divided into 22,93,00,000 equity shares of ₹ 2 each.

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

	Numbers	Amount
Equity share capital of ₹ 2 each, fully paid up		
As at April 01,2020	**4,38,99,177**	**879**
Conversion of preference shares during the year - refer note (1) below	9,08,47,235	1,817
Exercise of share options - refer note (2) below	4,10,386	8
Issued during the year - refer note (3) below	66,26,506	133
As at March 31, 2021	**14,17,83,304**	**2,837**
Exercise of share options - refer note (2) below	8,25,563	17
As at March 31, 2022	**14,26,08,867**	**2,854**

(1) During the year ended March 31, 2021, 5,57,345 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, 2022, Employee Benefit Trust (EBT) issued 8,25,563 (March 31, 2021 - 4,10,386) 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 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, net of reimbursements 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

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

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

	March 31, 2022		March 31, 2021	
	No. of Shares	Holding percentage	No. of Shares	Holding percentage
Equity shares of ₹ 2 each fully paid				
Mr. Ashok Soota (Promoter)	6,00,68,668	42.12%	6,00,61,701	42.36%
Ashok Soota Medical Research LLP	1,79,48,784	12.59%	1,79,48,784	12.66%

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.

(vi) Details of shares held by promoters

As at March 31, 2022	Promoter name	No. of Shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 2 each fully paid	Mr. Ashok Soota	6,00,61,701	6,967	6,00,68,668	42.12%	0.01%

As at March 31, 2021	Promoter name	No. of Shares at the beginning of the year	Change during the year	No. of Shares at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 2 each fully paid	Mr. Ashok Soota	1,55,43,017	4,45,18,684	6,00,61,701	42.36%	286.42%

16 Instrument entirely in the nature of equity

i) Authorised share capital

	Numbers	Amount
Series A 14% Non Cumulative Compulsorily Convertible Preference shares of ₹ 652 each		
As at April 1, 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**
Change during the year	-	-
As at March 31, 2022	**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 Lacs divided into 2,00,000 preference shares of ₹ 652 each.

ii) Issued, subscribed and fully paid up Non Cumulative Compulsorily Convertible Preference Share

	Numbers	Amount
Series A 14% Non Cumulative Compulsorily Convertible Preference Shares of ₹ 652 each		
As at April 01, 2020	**5,57,345**	**3,634**
Conversion into equity shares during the year - refer note (15) (ii) (1)	(5,57,345)	(3,634)
As at March 31, 2021	**-**	**-**
Conversion into equity shares during the year	-	-
As at March 31, 2022	**-**	**-**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

(iii) Terms/ rights attached to convertible preference shares

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

Holders of 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.

(iv) Details of shares held by promoters

As at March 31, 2022	Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Series A 14% Non Cumulative Compulsorily Convertible Preference shares of ₹ 652 each	Mr. Ashok Soota	-	-	-	0.00%	0.00%

As at March 31, 2021	Promoter name	No of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Series A 14% Non Cumulative Compulsorily Convertible Preference shares of ₹ 652 each	Mr. Ashok Soota	3,59,601	(3,59,601)	-	0.00%	-100%

Treasury shares

	No of shares
As at April 01 2020	**54,90,638**
Issue for cash on exercise of share options	(4,10,386)
As at March 31, 2021	**50,80,252**
Issue for cash on exercise of share options	(8,25,563)
As at March 31, 2022	**42,54,689**

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

17 Other equity

		March 31, 2022	March 31, 2021
Securities premium account		41,205	40,454
Retained earnings		21,773	10,550
Cash flow hedge reserve		143	379
Foreign currency translation reserve		220	18
Share options outstanding reserve		385	361
		63,726	**51,762**
a)	**Securities premium account**		
	Opening balance	40,454	27,781
	Conversion of preference shares during the year - refer note (15) (ii) (1)	-	1,817
	Increase during the year - refer note (15) (ii) (c)	-	10,867
	Transaction costs, net of recovery or reimbursement of expense on issue of shares - refer note (15) (ii) (c)	327	(456)
	Exercise of share option by employees	154	64
	Transferred from ESOP reserve for options exercised	270	381
	Closing balance	**41,205**	**40,454**
b)	**Retained earnings**		
	Opening balance	10,550	(5,597)
	Profit for the year	18,120	16,246
	Other comprehensive income recognised directly in retained earnings	(73)	(108)
	Dividend - refer note 18	(6,830)	-
	Transferred from share option outstanding reserve for options forfeited	6	9
	Closing balance	**21,773**	**10,550**
c)	**Cash flow hedge reserve**		
	Opening balance	379	(730)
	Net movement on effective portion of cash flow hedges - refer note 37	(236)	1,109
	Closing balance	**143**	**379**
d)	**Foreign currency translation reserve**		
	Opening balance	18	110
	Additions during the period	202	22
	Reclassified to profit or loss on liquidation of subsidiary - refer note (i) below	-	(114)
	Closing balance	**220**	**18**
e)	**Share options outstanding reserve**		
	Opening balance	361	454
	Employee compensation expense for the year - refer note 44	300	297
	Transferred to retained earnings for options forfeited	(6)	(9)
	Transferred to securities premium for options exercised	(270)	(381)
	Closing balance	**385**	**361**

Note

(i) 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 46.

(ii) Nature and purpose of other reserves

a) Securities premium account :

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

b) Retained earnings :

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

c) Cash flow hedge reserve :

The 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 based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee Stock Option Plan.

18 Distribution made

	March 31, 2022	March 31, 2021
Dividends on equity shares declared and paid :		
Final dividend paid for the year ended on March 31, 2021 : ₹ 3/- per share	4,311	-
Interim dividend for the year ended on March 31, 2022 : 1.75/- per share (March 31, 2021 : Nil)	2,519	-
	6,830	**-**

19 Borrowings

Carried at amortised cost

	March 31, 2022	March 31, 2021
Non current		
Secured		
Foreign currency term loan from bank - refer note (a) below	3,793	5,658
	3,793	**5,658**
Less: Current maturities of term loans	(2,069)	(1,997)
Total non-current borrowings	**1,724**	**3,661**
Current		
Secured		
Loans repayable on demand from banks		
Foreign currency loan (PCFC) - refer note (b) and (c) below	15,271	10,972
Current maturities of term loans		
Foreign currency term loan from bank - refer note (a) below	2,069	1,997
Total current borrowings	**17,340**	**12,969**

Notes

(a) Foreign currency term loan of ₹ 6,025 Lacs (USD 8.25 Mn) from Federal bank carries a fixed interest rate of 3.2% per annum (March 31, 2021 : 3.45% per annum). The loan is repayable in 36 equal monthly instalments commencing from February 28, 2021 and will mature on Feb 28, 2024. 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 was raised exclusively for funding the acquisition of Happiest Minds Inc. (formerly known as PGS Inc.)

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

The interest rate on the loan was revised to 3.2% per annum w.e.f June 01, 2021. The Parent Company has not incurred any transaction fees for such modification and the modification has not resulted in the derecognition of the original liability. No gain/ losses was recognized pursuant to the modification.

(b) PCFC loan taken from Kotak Mahindra carries an interest rate ranging 1.2% p.a. (March 31, 2021 - 1.25 % to 3.76 % p.a.) and is repayable within 120 days.

PCFC loan taken from RBL bank carries an interest rate ranging 1.28% to 1.32% p.a. (March 31, 2021 - 1.90% to 4.07% p.a.) and is repayable within 90-120 days.

PCFC loan taken from Federal bank carries an interest rate of 1.10% to 1.39% p.a. (March 31, 2021 - 2.3% p.a.) and is repayable within 90 days.

PCFC loan taken from ICICI bank carries an interest rate of 1.15% to 1.45% p.a. (March 31, 2021 - 2.3% p.a.) and is repayable within 90 days.

(c) PCFC are fully secured by the way of pari-passu charge on current assets of the Parent Company. PCFC from RBL is additionally secured by the way of lien on mutual funds of Nil (March 31, 2021 - ₹ 405 Lacs) (refer note 11). PCFC from Kotak Mahindra is secured by way to lien on fixed deposits to the extent of Nil (March 31, 2021 - ₹ 600 Lacs) (Refer note 14).

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

	Non-current borrowings #	Current borrowings
As at April 01, 2020	**927**	**6,916**
Financing cash flows (net)	4,725	4,213
Non cash movements:		
Amortisation of transaction cost	11	-
Foreign exchange difference	(5)	(157)
As at March 31, 2021	**5,658**	**10,972**
Financing cash flows (net)	(2,053)	4,012
Non cash movements:		
Amortisation of transaction cost	15	-
Foreign exchange difference	173	287
As at March 31, 2022	**3,793**	**15,271**

Current maturities of term loans are included in the Non-current borrowings

20 Lease liabilities

Carried at amortised cost

	March 31, 2022	March 31, 2021
Non current		
Lease liabilities	5,911	2,645
	5,911	**2,645**
Less: Current maturities of lease liabilities	(1,792)	(1,422)
Total non-current lease liabilities	**4,119**	**1,223**
Current		
Lease liabilities	1,792	1,422
Total current lease liabilities	**1,792**	**1,422**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

(i) **Movement in lease liabilities for year ended March 31, 2022 and March 31, 2021:**

	March 31, 2022	March 31, 2021
Balance at beginning of the year	2,645	3,547
Additions	5,291	1,052
Finance cost incurred during the period - refer note 30	487	328
Payment of lease liabilities	(2,512)	(2,290)
Exchange difference	-	8
Balance at the end of the year	**5,911**	**2,645**

(ii) **The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2022 and March 31, 2021**

	March 31, 2022	March 31, 2021
Less than one year	2,264	1,600
One to five years	4,769	1,328
More than five years	-	-

(iii) The Group had total cash outflows of ₹ 2,512 Lacs during the year ended March 31, 2022 (March 31, 2021 - ₹ 2,290 Lacs) for leases recognized in balance sheet. The Group has made a non-cash addition to right-of-use assets and lease liabilities of ₹ 5,291 Lacs during the year ended March 31, 2022 (March 31, 2021 - ₹ 1,052 Lacs).

21 Other financial liabilities

	March 31, 2022	March 31, 2021
Non-current		
Carried at fair value through profit or loss		
Contingent consideration - refer note 32, 36 and 37	1,291	2,455
	1,291	**2,455**
Current		
Carried at amortised cost		
Employee related liabilities	4,254	3,584
Unpaid dividend	7	-
	4,261	**3,584**
Carried at fair value through profit or loss		
Contingent consideration - refer note 32, 36 and 37	1,467	1,276
	1,467	**1,276**
Carried at fair value through other comprehensive income		
Cash flow hedges		
Foreign currency forward contracts	60	17
	60	**17**
Total other current financial liabilities	**5,788**	**4,877**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

22 Provisions

	March 31, 2022	March 31, 2021
Non-current		
Provision for gratuity - refer note 35	1,618	1,653
	1,618	**1,653**
Current		
Provision for gratuity - refer note 35	240	240
Provision for compensated absences	1,432	1,243
Other provisions		
Provision for warranty	26	25
	1,698	**1,508**
Movement during the year - Provision for warranty		
Balance as at April 01, 2020		**65**
Arising during the year		-
Utilised/ reversed during the year		(40)
Balance as at March 31, 2021		**25**
Arising during the year		1
Utilised/ reversed during the year		-
Balance as at March 31, 2022		**26**

23 Contract liabilities

	March 31, 2022	March 31, 2021
Current		
Unearned revenue - refer note (i) below	1,346	674
	1,346	**674**

(i) The Group has rendered the service and have recognised the revenue of ₹ 474 Lacs (March 31, 2021: ₹ 484 Lacs) during the year from the unearned revenue balance at the beginning of the year.

24 Trade payables

Carried at amortised cost

	March 31, 2022	March 31, 2021
Total outstanding dues of micro enterprises and small enterprises - refer note (iii) below	79	95
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,993	4,404
	6,072	**4,499**

Trade payables Ageing Schedule

As at March 31, 2022	Outstanding for the following periods from the due date of payment				Total
	Less than 1 years	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	79	-	-	-	79
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,141	13	1	20	1,175
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Provision for expenses	-	-	-	-	4,818
	1,220	**13**	**1**	**20**	**6,072**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

As at March 31, 2021	Outstanding for the following periods from the due date of payment				Total
	Less than 1 years	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	95	-	-	-	95
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,054	6	10	5	1,075
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Provision for expenses	-	-	-	-	3,329
	1,149	**6**	**10**	**5**	**4,499**

Terms and conditions of above trade payables:

(i) Trade payables are non-interest bearing and are normally settled on 0 to 90 days terms

(ii) For explanation of Group's liquidity risk - refer note 37 (3)

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

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

Particulars	March 31, 2022	March 31, 2021
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	79	95
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	-	-

25 Other liabilities

	March 31, 2022	March 31, 2021
Current		
Statutory dues payable	2,223	1,481
Other payables	203	449
	2,426	**1,930**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

26 Revenue from contract with customers

	For the year ended	
	March 31, 2022	March 31, 2021
Sale of service	1,09,314	77,306
Sale of licenses	51	35
	1,09,365	**77,341**

26.1 Disaggregated revenue information

Segment	For the year ended March 31, 2022			
	Infrastructure Management & Security Services	Digital Business Services	Product Engineering Services	Total
Revenue from contract with customers	24,168	32,887	52,310	1,09,365
Total revenue from contracts with customers	**24,168**	**32,887**	**52,310**	**1,09,365**
India	8,821	8,099	3,674	20,594
Outside India	15,347	24,788	48,636	88,771
Total revenue from contracts with customers	**24,168**	**32,887**	**52,310**	**1,09,365**
Timing of revenue recognition				
Licenses transferred at a point in time	22	28	-	50
Fixed price project - services transferred over time	11,331	12,610	3,906	27,847
Time and material - services transferred over time	12,815	20,249	48,404	81,468
Total revenue from contracts with customers	**24,168**	**32,887**	**52,310**	**1,09,365**

Segment	For the year ended March 31, 2021			
	Infrastructure Management & Security Services	Digital Business Services	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
Fixed price project - services transferred over time	7,053	10,588	2,429	20,070
Time and material - services transferred over time	9,368	10,666	37,202	57,236
Total revenue from contracts with customers	**16,421**	**21,289**	**39,631**	**77,341**

26.2 Contract balances

	For the year ended	
	March 31, 2022	March 31, 2021
Trade receivables	16,738	12,192
Unbilled revenue	8,730	5,372
Contract assets	1,934	469
Contract liability	1,346	674

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

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

	For the year ended	
	March 31, 2022	March 31, 2021
Revenue as per contract price	1,10,018	77,800
Discount	(653)	(459)
Revenue from contract with customers	**1,09,365**	**77,341**

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 ₹ 8,488 Lacs (March 31, 2021: ₹ 7,089 Lacs). The revenue for remaining performance obligation is expected to be recognised over period of 1-3 years (March 31, 2021: 1-4 years,).

27 Other income

	For the year ended	
	March 31, 2022	March 31, 2021
Interest income on:		
Deposits with bank	507	709
Income tax refund	46	49
Financial instrument measured at amortised cost	83	80
	636	**838**
Fair value gain on investment measured at FVTPL	368	184
Gain on sale of investments measured at FVTPL	1,377	671
Exchange gain	786	79
Settlement claim - refer note (i) below	-	212
Loss on property, plant and equipment sold / scrapped, net	10	-
Rent concession - refer note (ii) below	323	302
Insurance claim - refer note (iii) below	200	-
Gain on liquidation of subsidiary - refer note 46	-	82
Miscellaneous income	10	56
	3,074	**1,586**
	3,710	**2,424**

(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 Lacs towards shortfall in working capital and accounts receivable for which the Group made a claim with the sellers through US attorneys in May 2018. The Counsel representing sellers responded in June 2018, admitting the claim to the extent of ₹ 63 Lacs and have made a counterclaim of ₹ 558 Lacs for breach of earn-out/contingent payment. On 15th April 2020, a settlement was reached and settlement agreement has been entered by both the parties wherein the sellers have agreed to pay ₹ 212 Lacs (USD 2,80,000) over an agreed period of time and all claims by the seller have been relinquished.

The Group received settlement amount of ₹ 212 Lacs (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 during the year ended March 31, 2021.

(ii) During the year ended March 31, 2022 and 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, 2022 (revised from earlier period of 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

(iii) An American national and an ex-employee on September 9, 2019 had filed a class-action complaint against the Parent Company before the United States District Court, Northern District of California, San Jose Division, alleging that the Parent Company engaged in discriminatory employment practices. During the adjudication process, the Court felt that the matter could be resolved through mediation and directed the parties to go in for an mediation/ settlement. The parties concluded a settlement of ₹ 200 Lacs during year ended March 2021. During the quarter ended June 30, 2021, the Company received reimbursements from the insurance company covering its claim covering settlement and related expenses amounting to ₹ 200 Lacs which has been presented under 'Other Income'.

28 Employee benefits expense

	For the year ended	
	March 31, 2022	March 31, 2021
Salaries, wages and bonus	57,598	41,522
Contribution to provident fund	2,839	2,087
Employee stock compensation expense - refer note 44	300	297
Gratuity expense - refer note 35	518	409
Compensated absences	607	689
Staff welfare expenses	138	234
	62,000	**45,238**

29 Depreciation and amortisation expense

	For the year ended	
	March 31, 2022	March 31, 2021
Depreciation of property, plant and equipment - refer note 3	71	88
Amortisation of intangible assets - refer note 4	970	255
Depreciation of right-of-use assets - refer note 5	2,247	1,931
	3,288	**2,274**

30 Finance costs

	For the year ended	
	March 31, 2022	March 31, 2021
Interest expense on:		
Borrowings	343	293
Lease liabilities - refer note 20	487	328
Unwinding of interest in contingent consideration	165	28
	995	**649**

31 Other expenses

	For the year ended	
	March 31, 2022	March 31, 2021
Power and fuel	204	184
Subcontractor charges	14,056	7,445
Repairs and maintenance		
- Buildings	107	101
- Equipments	24	27
- Others	246	209
Rent expenses - refer note (ii) below	284	166
Advertising and business promotion expenses	282	101
Commission	99	174
Communication costs	278	257

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

	For the year ended	
	March 31, 2022	March 31, 2021
Insurance	48	46
Legal and professional fees	473	192
Audit fees - refer note (i) below	67	81
Software license cost	2,429	1,788
Rates and taxes	96	69
Recruitment charges	916	360
Impairment loss allowance on trade receivables	101	980
Impairment loss allowance on unbilled revenue	88	41
Sitting fees to non-executive directors - refer note 39	54	56
Commission to non-executive directors - refer note 39	26	24
Corporate social responsibility ('CSR') expenditure - refer note 40	215	75
Travelling and conveyance	893	427
Postage and courier	94	25
Training expense	248	120
Miscellaneous expenses	270	54
	21,598	**13,002**

(i) Payment to auditors:

	For the year ended	
	March 31, 2022	March 31, 2021
As auditor:		
Audit fee	65	70
In other capacity		
Certification fees	-	9
Reimbursement of expenses	2	2
	67	**81**

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

32 Exceptional Items

	For the year ended	
	March 31, 2022	March 31, 2021
Fair valuation loss on contingent consideration	609	-
	609	**-**

The Group had acquired 100% voting interest in Happiest Minds Inc. (erstwhile PGS Inc.) vide definitive agreements signed on January 27, 2021, for a total recorded consideration of US $ 13.31 Mn (₹ 9,720 Lacs), comprising cash consideration of US $ 8.25 Mn (₹ 6,025 Lacs) and fair-valued contingent consideration in the form of warrants of US $ 5.06 Mn (₹ 3,696 Lacs) payable over the next 3 years. The contingent consideration was classified as a financial liability within the scope of Ind AS 109 'Financial Instruments' and was measured at fair value. Ind AS 109 mandates that any subsequent changes in such fair value will have to be recognized in the statement of profit and loss. The Group carried out a fair valuation during the year ended

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

March 31,2022 and there was increase in the liability basis increasing expectation of payout. The said increase amounting to ₹ 609 Lacs has been recognised in the statement of profit and loss and disclosed as 'Exceptional Item'.

33 Income tax expense

		For the year ended	
		March 31, 2022	**March 31, 2021**
a)	**Statement of profit or loss**		
	Current tax	6,266	3,527
	Adjustment of tax relating to earlier periods	44	-
	Deferred tax credit	155	(1,171)
	Income tax expense	**6,465**	**2,356**
b)	**Statement of other comprehensive income**		
	On net movement on effective portion of cash flow hedges	80	(127)
	On re-measurement losses on defined benefit plans	24	36
		104	**(91)**
Reconciliation of tax expense and tax based on accounting profit:			
Profit before income tax expense		24,585	18,602
Tax at the Indian tax rate of 25.17% (March 31, 2021 : 25.17%)		6,188	4,682
Tax effect of:			
Utilisation of previous year losses for which no deferred tax was created		-	(400)
Deferred tax recognised during the year net of reversal of temporary difference		-	(1,831)
Adjustment of tax relating to earlier periods		44	
Permanent difference		242	
Difference in tax rates		(49)	(8)
Others		40	(87)
Income tax expense		**6,465**	**2,356**

34 Earnings per share ['EPS']

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

	For the year ended	
	March 31, 2022	**March 31, 2021**
Profit after tax attributable to equity holders of the Parent Company (a) (₹ in Lacs)	18,120	16,246
Weighted average number of shares outstanding during the year for basic EPS (b)	14,11,64,508	13,82,98,186
Weighted average number of shares outstanding during the year for diluted EPS (c)	14,44,10,568	14,18,87,367
Basic Earning per share (in ₹) (a/b)	12.84	11.75
Diluted Earnings per share (in ₹) (a/c)	12.55	11.45
Equity shares reconciliation for EPS		
Equity shares outstanding	14,11,64,508	12,27,00,079
CCPS convertible into Equity shares	-	1,55,98,107
Total considered for Basic EPS	**14,11,64,508**	**13,82,98,186**
Add: ESOP options / CCPS	32,46,060	35,89,181
Total considered for diluted shares	**14,44,10,568**	**14,18,87,367**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

35 Employee benefits plan

(i) Defined contribution plans - Provident Fund and others

The Group makes contributions for qualifying employees to Provident Fund and other defined contribution plans. During the year, the Group recognised ₹ 2,839 Lacs (March 31, 2021 : ₹ 2,087 Lacs) 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	Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.
Concentration risk	Plan is having a concentration risk as all the assets are invested with the insurance company.

	March 31, 2022	March 31, 2021
Current	240	240
Non-current	1,618	1,653
	1,858	**1,893**

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, 2022:

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 1, 2021	**1,997**	**104**	**1,893**
Current service cost	413	-	413
Net interest expense	111	6	105
Total amount recognised in statement of profit and loss	**524**	**6**	**518**
Benefits paid	(188)	(188)	-
Remeasurement			
Return on plan assets	-	-	-
Actuarial changes arising from changes in demographic assumptions	(138)	-	(138)
Actuarial changes arising from changes in financial assumptions	(21)	-	(21)
Experience adjustments	256	-	256
Total amount recognised in other comprehensive income	**97**	**-**	**97**
Contributions by employer	-	650	(650)
As at March 31, 2022	**2,430**	**572**	**1,858**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

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

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

	March 31, 2022	March 31, 2021
Insurance fund	572	104
Total	**572**	**104**

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

	March 31, 2022	March 31, 2021
Discount rate	5.66%	5.58%
Expected return on plan assets	5.66%	5.58%
Future salary increases	8.00 % p.a.	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
Employee turnover	25.00%	20.00%
Mortality	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2006-08)

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

	Sensitivity Level	March 31, 2022		March 31, 2021	
		Defined benefit obligation on increase/decrease in assumptions			
		Increase	Decrease	Increase	Decrease
Discount rate	1% increase / decrease	(76)	83	(87)	96
Future salary increase	1% increase / decrease	79	(75)	91	(85)
Attrition rate	1% increase / decrease	(20)	21	(28)	30

The above sensitivity analysis 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

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, 2022 is ₹ 240 Lacs (March 31, 2021 : ₹ 240 Lacs). The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 4 years (March 31, 2021: 6 years). The expected maturity analysis of undiscounted gratuity is as follows:

	March 31, 2022	March 31, 2021
Within the next 12 months	511	294
Between 2 and 5 years	1,381	1,000
Between 6 and 10 years	760	751
Beyond 10 years	351	645

36 Fair value measurement

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

	March 31, 2022	March 31, 2021
Measured at Fair Value Through Other Comprehensive Income (FVOCI)		
Foreign currency forward contracts	249	523
Investment in TECH4TH Solutions Inc.	762	-
Total financial assets measured at FVOCI	**1,011**	**523**
Measured at Fair Value Through Statement of Profit and Loss (FVTPL)		
Investment in mutual funds	46,400	39,148
Total financial assets measured at FVTPL	**46,400**	**39,148**
Measured at amortised cost		
Security deposits	728	1,147
Loans to employees	4	14
Other financial assets	10,255	7,567
Trade receivables	16,738	12,192
Bank and bank balance other than cash and cash equivalents	10,071	5,935
Cash and cash equivalents	6,729	8,583
Total financial assets measured at amortised cost	**44,525**	**35,438**
Total financial assets	**91,936**	**75,109**

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

	March 31, 2022	March 31, 2021
Measured at fair value through other profit or loss (FVTPL)		
Contingent consideration	2,758	3,731
Total financial liabilities measured at FVTPL	**2,758**	**3,731**
Measured at fair value through other comprehensive income (FVOCI)		
Foreign currency forward contracts	60	17
Total financial liabilities measured at FVOCI	**60**	**17**
Measured at amortised cost		
Foreign currency term loan	3,793	5,658
Lease liabilities	5,911	2,645
Foreign currency loan (PCFC)	15,271	10,972
Trade payables	6,072	4,499
Other financial liabilities	4,261	3,584
Total financial liabilities measured at amortised cost	**35,308**	**27,358**
Total financial liabilities	**38,126**	**31,106**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

iii) Fair value hierarchy

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

	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs(Level 3)	Total
	March 31, 2022			
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	249	-	249
Investment in TECH4TH Solutions Inc.	-	-	762	762
Measured at fair value through statement of profit and loss (FVTPL)				
Investment in mutual funds	46,400	-	-	46,400
Total financial asset measured at fair value	**46,400**	**249**	**762**	**47,411**
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	60	-	60
Measured at fair value through statement of profit and loss (FVTPL)				
Contingent consideration	-	-	2,758	2,758
Total financial liabilities measured at Fair value	**-**	**60**	**2,758**	**2,818**

	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**

Notes:

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, 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 fair valuation of Investment in TECH4TH Solutions Inc. is determined on the reporting date by discounted cash flow method.

c) The Group has entered into foreign currency forward contract to hedge the highly probable forecast transaction. The derivative financial instrument is entered with the financial institutions with investment grade ratings. 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.

d) The management assessed that cash and cash equivalent, trade receivables, trade payables, other financial assets(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 fixed interest rates are the reasonable approximation of their fair value and the difference between carrying amount and their fair value is not significant.

e) The Group has value contingent consideration by using the monte carlo simulation approach.

f) 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. The carrying amount of the remaining financial instruments are the reasonable approximation of their fair value.

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, 2022		
Contingent consideration	Standard deviation on revenue and EBIDTA growth	5%	Increase and decrease in standard deviation by 1% would decrease contingent consideration by ₹ 131 lacs and increase contingent consideration by ₹ 170 lacs respectively.
	Discount rate	3%	Increase and decrease in discount rate by 1% would decrease contingent consideration by ₹ 38 lacs and increase contingent consideration by ₹ 39 lacs respectively.

	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 lacs and increase contingent consideration by ₹ 225 lacs respectively.
	Discount rate	3%	Increase and decrease in discount rate by 1% would decrease contingent consideration by ₹ 70 lacs and increase contingent consideration by ₹ 72 lacs respectively.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

Reconciliation of Contingent consideration measured at FVTPL

	March 31, 2022	March 31, 2021
As at April 1	**3,731**	**-**
Acquisition of subsidiary - refer note 45	-	3,695
Amount recognised in profit and loss statement - refer note 30 and 32	774	28
Settlement during the year	(1,861)	-
Foreign currency translation reserve	114	8
As at March 31	**2,758**	**3,731**

37 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 sale 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, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

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

Amount in Lacs

Currency	Particulars	March 31, 2022		March 31, 2021	
		FC	₹	FC	₹
USD	**Financial assets**				
	Trade receivables	142	10,796	99	7,266
	Loans	30	2,277	*	4
	Other financial assets	87	6,602	59	4,282
	Bank accounts	46	3,506	32	2,316
	Derivative assets				
	Foreign exchange forward contracts#	(505)	(38,970)	(493)	(36,071)
	Net exposure on foreign currency risk (assets)	**-**	**-**	**-**	**-**
	Financial liability				
	Borrowings	252	19,092	228	16,673
	Trade payables	7	530	5	353
	Other financial liabilities	20	1,553	28	2,034
	Other liabilities	9	667	8	599
	Net exposure on foreign currency risk (liabilities)	**288**	**21,842**	**269**	**19,659**
	Net exposure on foreign currency risk (assets-liabilities)	**(288)**	**(21,842)**	**(269)**	**(19,659)**
EURO	**Financial assets**				
	Trade receivables	7	627	15	1,328
	Other financial assets	6	543	2	131
	Bank accounts	10	838	*	18
	Derivative assets				
	Foreign exchange forward contracts#	(9)	(811)	(12)	(1,031)
	Net exposure on foreign currency risk (assets)	**14**	**1,197**	**5**	**446**
	Financial liability				
	Trade payables	1	52	*	(1)
	Other liabilities	*	13	*	16
	Net exposure on foreign currency risk (liabilities)	**1**	**65**	*	**15**
	Net exposure on foreign currency risk (assets-liabilities)	**13**	**1,132**	**5**	**431**
GBP	**Financial assets**				
	Financial assets				
	Trade receivables	6	568	8	771
	Loans	*	7	*	2
	Other financial assets	5	452	2	212
	Bank accounts	4	422	1	134
	Net exposure on foreign currency risk (assets)	**15**	**1,449**	**11**	**1,119**
	Financial liability				
	Trade payables	-	-	*	23
	Other financial liabilities	4	360	5	509
	Other liabilities	1	121	1	113
	Net exposure on foreign currency risk (liabilities)	**5**	**481**	**6**	**645**
	Net exposure on foreign currency risk (assets-liabilities)	**10**	**968**	**5**	**474**

Represents outstanding foreign currency forward contracts. The outstanding forward contracts as March 31, 2022 and March 31, 2021 are within the maturity period of 12 months.

* Represents number below rounding off norms of the Company.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

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, 2022	**March 31, 2021**
USD sensitivity		
₹/ USD increases by 5%	(1,090)	(983)
₹/ USD decreases by 5%	1,090	983
EURO sensitivity		
₹/ EURO increases by 5%	55	22
₹/ EURO decreases by 5%	(55)	(22)
GBP sensitivity		
₹/ GBP increases by 5%	26	24
₹/ GBP decreases by 5%	(26)	(24)

* Sensitivity is calculated holding all other variables constant

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

ii. Interest rate risk

The Group is not exposed to interest rate risk as at March 31, 2022 since all its financial assets or liabilities are either non-interest bearing or are at fixed interest rate and are carried at amortised cost.

iii. Price risk

The Group exposure to price risk arises for investment in mutual funds and TECH4TH Solutions Inc. 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, 2022	**March 31, 2021**
NAV increases by 5%	2,320	1,957
NAV decreases by 5%	(2,320)	(1,957)

Impact of Hedge activities

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

	March 31, 2022				
	Currency	**Nominal value (Foreign Currency)**	**Amount in ₹**	**Line item in the balance sheet**	**Fair value* gain/(loss)**
Cash flow hedge					
Foreign currency risk					
(for highly probable forecast transactions)					
- Foreign currency forward contracts	₹/USD	505	38,970	Other financial assets/(liabilities)	154
- Foreign currency forward contracts	₹/EURO	9	811	Other financial assets/(liabilities)	35

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

	March 31, 2021				
	Currency	**Nominal value (Foreign Currency)**	**Amount in ₹**	**Line item in the balance sheet**	**Fair value* gain/(loss)**
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, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

(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, 2020	**(744)**	**14**	**(730)**
Hedge gain/(loss) recognised in Other Comprehensive Income (OCI)	912	(31)	881
Amount reclassified from OCI to statement of profit and loss	338	17	355
Income tax effect	(127)	-	(127)
Balance as at March 31, 2021	**379**	**-**	**379**
Hedge gain/(loss) recognised in Other Comprehensive Income (OCI)	189	-	189
Amount reclassified from OCI to statement of profit and loss	(505)	-	(505)
Income tax effect	80	-	80
Balance as at March 31, 2022	**143**	**-**	**143**

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

2. Credit risk

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

Revenue from one customer comprises around 13% of the total revenue of the Group. The remaining revenue of the Group is spread accross wide range of customers.For receivables turnover ratio, refer note 47.

(i) Trade receivables, unbilled revenue and contract assets.

Trade receivables, unbilled revenue and contract assets 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 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:

	Not due	1-180 days	181-365 days	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2022							
Trade receivables	13,346	3,714	484	448	130	126	18,248
Unbilled Revenue							10,884
Allowance for expected loss							(1,730)
Net Trade receivables	**13,346**	**3,714**	**484**	**448**	**130**	**126**	**27,402**
As at March 31, 2021							
Trade receivables	9,201	3,760	282	177	37	136	13,593
Unbilled Revenue							5,973
Allowance for expected loss							(1,533)
Net Trade receivables	**9,201**	**3,760**	**282**	**177**	**37**	**136**	**18,033**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

Reconciliation of loss allowance	**March 31, 2022**	**March 31, 2021**
Opening balance as at April, 1	(1,401)	(2,795)
Allowance made during the year (net) - refer note 31	(101)	(980)
Allowance reversed/ written back during the year	-	279
Utilised during the year	-	2,096
Exchange difference	(8)	(1)
Closing balance as at March, 31	**(1,510)**	**(1,401)**

(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 36 above.

Reconciliation of loss allowance	**March 31, 2022**	**March 31, 2021**
Opening balance as at April, 1	(133)	(602)
Allowance made during the year - refer note 31	(88)	(41)
Allowance reversed/ written back during the year	-	510
Closing balance as at March, 31	**(221)**	**(133)**

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, 2022	**March 31, 2021**
RBL Bank Limited	2,233	14
Kotak Mahindra Bank Limited	725	300
HDFC Bank Limited	1,000	1,000
Federal Bank Limited	37	1,500
ICICI Bank Limited	2,234	2,800
	6,229	**5,614**

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	**Less than 1 year**	**More than 1 year**	**Total**
As at March 31, 2022			
Borrowings (including current maturities)	17,355	1,737	19,092
Lease liabilities	2,264	4,769	7,033
Trade payables	6,072	-	6,072
Foreign currency forward contracts	60	-	60
Contingent consideration	1,895	1,705	3,600
Other financial liabilities#	4,385	26	4,411
	32,031	**8,237**	**40,268**
As at March 31, 2021			
Borrowings (including current maturities)	12,984	3,689	16,673
Lease liabilities	1,600	1,328	2,928
Trade payables	4,499	-	4,499
Foreign currency forward contracts	17	-	17
Contingent consideration	1,829	3,476	5,305
Other financial liabilities#	3,752	123	3,875
	24,681	**8,616**	**33,297**

Includes future interest payable on outstanding borrowings

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

38 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, 2022	March 31, 2021
Borrowings (including current maturities)	19,064	16,630
Less : Cash and cash equivalents	(6,729)	(8,583)
Net (cash and cash equivalents)/debt (A)	**12,335**	**8,047**
Equity	66,580	54,599
Total equity capital (B)	**66,580**	**54,599**
Total debt and equity (C)=(A)+(B)	**78,915**	**62,646**
Gearing ratio (A)/(C)	16%	13%

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2022 and March 31, 2021.

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

39 Related party disclosure

(i) List of related parties and relationship

Key management personnel (KMP)	1. Mr. Ashok Soota (Executive Chairman)
	2. Mr. Venkatraman N (Managing Director - w.e.f November 4, 2020 and CFO)
	3. Mr. Girish Paranjpe (Independent director) (till March 10, 2020)
	4. Mr. Avneet Singh Kochar (Non executive director) (till November 4, 2020)
	5. Mr. Joseph Vinod Anantharaju (Director) (w.e.f November 4, 2020)
	6. Mr. Praveen Darshankar (Company Secretary & Compliance Officer)
	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
Entities under the control of KMP	SKAN Research Trust
	Happiest Health Systems Private Limited
	Ashok Soota Medical Research LLP
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, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

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

		March 31, 2022	March 31, 2021
(i)	**Sale of service**		
	SKAN Research Trust	7	-
	Ashok Soota Medical Research LLP	5	-
	Happiest Health Systems Private Limited	68	-
(ii)	**Director's sitting fees:**		
	Mrs. Anita Ramachandran	22	21
	Mr. Rajendra Kumar Srivastava	11	14
	Mrs. Subha Rao Mayya	21	21
(iii)	**Commission to directors**		
	Mrs. Anita Ramachandran	3	4
	Mr. Rajendra Kumar Srivastava	19	16
	Mrs. Subha Rao Mayya	4	4
(iv)	**Contribution made to post employee benefit plan:**		
	Happiest Minds Technologies Pvt. Ltd. Employees group gratuity trust	650	154
(v)	**Managerial remuneration* :**		
	Mr. Venkatraman N		
	Salary, wages and bonus	120	112
	Employee stock compensation expense	5	7
	Mr. Ashok Soota		
	Salary, wages and bonus	115	128
	Mr. Praveen Darshankar		
	Salary, wages and bonus	46	43
	Employee stock compensation expense	1	1
	Mr. Joseph Vinod Anantharaju		
	Salary, wages and bonus	330	128
	Employee stock compensation expense	8	12
* 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)	**Reimbursement of expenses received#:**		
	SKAN Research Trust	3	-
	Happiest Health Systems Private Limited	3	-
	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.			
vii)	**Dividend paid**		
	Mr. Joseph Vinod Anantharaju	20	-
	Mr. Ashok Soota	2,853	-
	Mr. Venkatraman N	24	-
	Ashok Soota Medical Research LLP	853	-
	Deepak Soota	2	-
	Suresh Soota	1	-
	Kunku Soota	2	-
	Usha Samuel	4	-
	Jayalakshmi Venkatraman	16	-
	Praveen Kumar Darshankar	3	-

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

viii) 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

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

		March 31, 2022	March 31, 2021
(i)	**Trade receivables:**		
	SKAN Research Trust	6	-
(ii)	**Unbilled receivables:**		
	Happiest Health Systems Private Limited	67	-
(vi)	**Trade Payables**		
	Mrs. Anita Ramachandran	3	4
	Mr. Rajendra Kumar Srivastava	19	16
	Mrs. Subha Rao Mayya	4	4

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties . 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.

40 Corporate Social Responsibility ('CSR') expenditure

Details of CSR expenditure are as follows:

				March 31, 2022	March 31, 2021
(a)	Gross amount required to be spent by the Group during the year			205	64
(b)	Amount approved by the board to be spent during the year			215	75
(c)	Amount spent during the year ending on March 31, 2022 :		**In cash**	**Yet to be paid in cash**	**Total**
	i)	Construction/ Acquisition of any asset	-	-	-
	ii)	On purpose other than above	215	-	215
(d)	Amount spent during the year ending on March 31, 2021 :		**In cash**	**Yet to be paid in cash**	**Total**
	i)	Construction/ Acquisition of any asset	-	-	-
	ii)	On purpose other than above	75	-	75
(e)	Details related to spent/ unspent obligations:				
	i)	Contribution to Public Trust		-	-
	ii)	Contribution to Charitable Trust		215	75
	iii)	Unspent amount in relation to:			
		- Ongoing project		-	-
		- Other than ongoing project		-	-
				215	**75**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, 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
-	-	205	215	-

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
(11)	205	215	(21)

41 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:

Name of entity	Principle activity	Country of Incorporation	Ownership interest held by the group % March 31, 2022	Ownership interest held by the group % March 31, 2021
Happiest Minds Technologies LLC*	IT Services	USA	Nil	Nil
Happiest Minds Inc. (formerly known as PGS Inc.)#	IT Services	USA	100	100

* Liquidated on June 1, 2020. Refer note 46

Refer note 45

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

	March 31, 2022							
	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	100.6%	66,974	102.9%	18,648	288.8%	(309)	101.8%	18,339
Subsidiary								
Happiest Minds Inc. (formerly known as PGS Inc.)	(4.9%)	(3,252)	0.8%	141	0.0%	-	0.8%	141
Other adjustments:	4.3%	2,858	(3.7%)	(669)	(188.8%)	202	(2.6%)	(467)
Total	**100%**	**66,580**	**100%**	**18,120**	**100%**	**(107)**	**100%**	**18,013**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

	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%	16193	97.8%	1,000	99.6%	17,193
Subsidiary								
Happiest Minds Technologies LLC	0.0%	-	0.5%	79	0.0%	-	0.4%	79
Happiest Minds Inc. (formerly known as 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**

42 Commitments and Contingent Liabilities

i) Capital Commitments

	March 31, 2022	March 31, 2021
Capital commitments towards purchase of capital assets	638	152

ii) Other claims against the Group not provided for in the books

a) Compounding and Settlement Applications filed by the Group

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

The Board, vide a resolution passed at its meeting held on August 4, 2020 voluntarily decided to provide an exit offer to the shareholders. Upon completion of the exit offer, the Company had 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 has been closed by ROC bangalore vide letter dated February 1, 2022 citing no contravention of Section 67(3).

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

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

d) 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, financial condition, cash flows, and results of operations for the period in which the effect becomes reasonably estimable.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

43 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 Services (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 Services (DBS):

Digital Business Services 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.

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

Year ended March 31, 2022	IMSS	DBS	PES	Total
Revenue from contracts with customers				
External customers	24,168	32,887	52,310	1,09,365
Inter-segment	-	-	-	-
Segment revenue	**24,168**	**32,887**	**52,310**	**1,09,365**
Segment results	**5,917**	**8,789**	**20,693**	**35,399**
Reconciliation to profit after tax:				
Interest income				636
Net gain on investments carried at fair value through profit or loss				1,745
Other unallocable income				1,329
Unallocable finance cost				(995)
Unallocable depreciation and amortisation expenses				(3,288)
Other unallocable expenses				(10,241)
Tax				(6,465)
Profit for the year				**18,120**
Segment assets	7,202	19,140	12,632	38,974
Reconciliation to total assets:				
Investments				47,162
Derivative instruments				249
Other unallocable assets				26,116
Total				**1,12,501**

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

Year ended March 31, 2022	IMSS	DBS	PES	Total
Segment liability	1,234	9,144	1,884	12,262
Reconciliation to total liabilities:				
Borrowings				19,064
Other unallocable liabilities				14,595
Total				**45,921**

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				(642)
Unallocable depreciation and amortisation cost				(2,198)
Other unallocable expenses				(7,895)
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				18,627
Other unallocable liabilities				15,525
Total				**37,596**

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, 2022

(All amounts in ₹ Lacs, 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, 2022	**March 31, 2021**
India	20,594	10,464
USA	71,141	56,517
UK	11,332	7,611
Others	6,298	2,749
	1,09,365	**77,341**

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

	As at	
	March 31, 2022	**March 31, 2021**
India	6,382	2,902
USA	9,412	9,940
UK	1	1
	15,795	**12,843**

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

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

	As at	
	March 31, 2022	**March 31, 2021**
One customer	12.97%	14.52%

44 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, 2022

(All amounts in ₹ Lacs, 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
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, 2022	March 31, 2021
Employee stock compensation expense	300	297

Movements during the year

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

March 31, 2022

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	1,27,868	5.98	39,65,379	25.31
Granted during the year	-	-	-	-
Exercised during the year	(35,600)	5.24	(8,13,898)	23.26
Forfeited during the year	(3,600)	6.00	(3,92,774)	25.82
Outstanding options as at the end of the year	88,668	6.28	27,58,707	25.85
Weighted Average Remaining Contractual Life	0.12 years		4.59 years	

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, 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	49,470	24.18
Granted during the year	-	-	-	-
Exercised during the year	(4,000)	6.00	(17,890)	20.98
Forfeited during the year	-	-	(1,750)	26.00
Outstanding options as at the end of the year	16,000	6.00	29,830	26.00
Weighted Average Remaining Contractual Life	0.42 years		3.66 years	

March 31, 2021

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

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

* Weighted Average Exercise Price

No options were granted during the year. The weighted average fair value of the options granted during the year ended March 31, 2021 is ₹ 12.23.

The weighted average share price of shares exercised during the year is ₹ 963.88 (March 31, 2021 - ₹ 372.61)

Exercisable options as at March 31, 2022 - 8,47,466 options (March 31, 2021 - 7,77,628 options) and weighted average exercise price - ₹ 22.92 (March 31, 2021 - ₹ 18.59)

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

	March 31, 2022	March 31, 2021
Expected dividend yield	NA	0.00%
Expected Annual Volatility of Shares	NA	50.00%
Risk-free interest rate (%)	NA	6.98%
Exercise price (₹)	NA	26.00
Expected life of the options granted (in years)	NA	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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

45 Business acquisitions

Acquisition during the year ended March 31, 2021

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 Mn (₹ 9,720 Lacs), comprising cash consideration of US $ 8.25 Mn (₹ 6,025 Lacs) and fair-valued contingent consideration in the form of warrants of US $ 5.06 Mn (₹ 3,696 Lacs) 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 Lacs. 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:

	March 31, 2021
Intangible assets	3,107
Trade receivables	1,451
Other Financial assets	-
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**

The goodwill of ₹ 7,020 Lacs comprises the value of expected synergies arising from the acquisition which is not separately recognised. Goodwill is not deductible for tax purpose. Refer note 4

	March 31, 2021
Purchase consideration	
Cash consideration	6,025
Fair value of 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 Lacs and incurred net profit of ₹ 18 Lacs to the Group post its acquisition till the year ended March 31, 2021.

If the acquisition had occurred on April 1, 2020, consolidated pro-forma revenue would have been ₹ 8,339 Lacs and net profit of ₹ 193 Lacs respectively for the year ended March 31, 2021. 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

46 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 de-recognised the assets and liabilities and recognised a gain of ₹ 82 Lacs (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
Other income	80
	80
Other expense	1
Finance cost	-
	1
Profit /(loss) before tax	79
Tax expense	-
Profit /(loss) after tax from discontinued operations	79

There were no assets and liabilities of Happiest Minds Technologies LLC, USA as at March 31, 2021.

47 Ratio analysis and its elements

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% Change	Reason for Variance
Current ratio	Current Assets	Current Liabilities	2.53	2.67	-5%	
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.38	0.35	9%	
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	5.88	5.61	5%	
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	0.30	0.40	-25%	Shareholder's equity was lower as at March 31, 2020 resulting in higher return on equity for the year ended March 31, 2021
Trade Receivable Turnover Ratio	Net revenue	Average Trade Receivable	7.56	6.53	16%	
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	4.02	3.27	23%	
Net Capital Turnover Ratio	Net revenue	Working capital = Current assets – Current liabilities	1.95	1.66	17%	
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	0.17	0.21	-19%	
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax liability	0.31	0.30	3%	
Return on Investment	Interest (Finance Income) and gain from mutual funds	Investments (includes mutual funds, investment in TECH4TH Solutions Inc. and fixed deposits)	0.04	0.04	0%	

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(All amounts in ₹ Lacs, unless otherwise stated)

48 The Board of Directors of the Parent Company at their meeting held on May 5, 2022 recommended the payout of a final dividend of ₹ 2/- per equity share of face value ₹ 2/- each for the financial year ended March 31, 2022. This recommendation is subject to approval of shareholders at the 11th Annual General Meeting of the Group scheduled to be held on June 30, 2022.

49 The financial statements of the Company for year ended March 31, 2021 were audited by M/s S.R.Batliboi & Associates LLP, Chartered Accountants, the predecessor auditor who have expressed an unmodified audit opinion.

50 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.

51 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.

52 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 2021 - 2022 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.

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

As per our report of even date
for **Deloitte Haskins and Sells**
Chartered Accountants
ICAI Firm's Registration Number: 008072S

Vikas Bagaria
Partner
Membership no.: 060408
Place: Bengaluru, India
Date: May 5, 2022

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 5, 2022

Venkatraman Narayanan
Managing Director & Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: May 5, 2022

Praveen Darshankar
Company Secretary & Compliance Officer
FCS No.: F6706
Place: Bengaluru, India
Date: May 5, 2022