

# Notes to the Consolidated Financial Statements

## for the year ended March 31, 2023

(All amounts in ₹ lakhs, unless otherwise stated)

### Corporate Information

Happiest Minds Technologies Limited ("Happiest Minds" or "the Company" or "the Parent") 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/Consumer Product Goods(CPG), Banking, Financial Services and Insurance (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) Bengaluru 560068.

The Group's Consolidated Financial Statements (CFS) for the year ended March 31, 2023 were approved by Board of Directors on May 08, 2023.

### 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, 2023.

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:

- Defined benefit plan - plan assets measured at fair value
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)
- Derivative financial instruments and
- Contingent consideration

#### b) Functional currency and presentation currency

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

#### c) Use of Estimates and Judgements

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

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, 2023

(All amounts in ₹ Lakhs, 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 31 March, 2023 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
- Note 2(j) - Determination of whether the company exercises control or significant influence on its investee and date such control or significant influence was acquired

### 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 and its subsidiary as at 31 March 2023. 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, 2023

(All amounts in ₹ Lakhs, 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, 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:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent 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.
- 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.
- 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, 2023	Ownership interest as at March 31, 2022
Sri Mookambika Infosolutions Private Limited	IT services	India	100%*	Nil
Happiest Minds Inc (formerly known as PGS Inc.)	IT services	United States of America	100%	100%

Refer note 44

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, 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, 2023

(All amounts in ₹ Lakhs, 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 assets. 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, 2023

(All amounts in ₹ Lakhs, 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
Buildings	60 years	50 years
Computer systems	6 years for server 3 years for other than server	2.5-3 years

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

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

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

### d Intangible Assets

#### Goodwill

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

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or 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	3-7 years
Trade mark	2-3 years
Exclusive license	2 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.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### e Impairment of Non-Financial Assets

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

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

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

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

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

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, 2023

(All amounts in ₹ Lakhs, 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. Management exercises significant judgement in determining whether these extension and termination options are reasonably

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

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:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- 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, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

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:

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

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

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:

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

### 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.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

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 18.

#### Derecognition

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

#### d) Offsetting of Financial Instruments

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

#### Derivative Financial Instruments :

##### Initial Recognition and Subsequent Measurement :

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

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit and loss, except for the effective portion of cash flow hedges, which is recognised in Other Comprehensive Income (OCI) and later reclassified to

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

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 Cross currency 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.

#### 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

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

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

#### 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.
- 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.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### Group Companies

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

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

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

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

### Employee Benefits

#### Short-term Obligations

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

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

#### Other long-term Employee Benefit Obligations

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

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.



## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

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

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

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

### Defined Contribution Plan

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

### m Employee Share Based Payments

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

#### Equity-Settled Transactions:

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

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

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

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

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

### n Taxation

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

#### Current Income Tax

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

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

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

In the situations where 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
- 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.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

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

### 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, for giving shares to employees. The Group treats EBT as its extension and shares held by EBT are treated as treasury shares. Refer note 15.

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.

### 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

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Refer note 42 for segment information.

### 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 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 Change in Accounting Policies and Disclosure

#### (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 April 1, 2022, although early adoption is permitted. The amendment had no impact on the Consolidated Financial Statements of the Group.

### t Standards notified but not yet effective:

#### (i) Amendments to Ind AS 12 – "Income Taxes"

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its Consolidated financial statements.

#### (ii) Ind AS 1 - Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and the impact is insignificant on its Consolidated financial statements.

#### (iii) Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its Consolidated financial statements.

### u 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:

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### Significant Judgments and 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 34.

#### (b) Revenue Recognition

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

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

#### (c) Business Combination and Intangible Assets

Business combinations are accounted for using Ind AS 103, Business Combinations. Judgement is required to determine the date on which the group acquired control. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. These valuations are conducted by external valuation experts. Estimates are required to be made in determining the value of contingent consideration and intangible assets. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by the Management. Judgement is required to determine the acquisition date i.e. the date on which the group acquired control. Refer note 44.

#### (d) Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit (CGUs) is less than its carrying amount. For the impairment test, goodwill is allocated to the CGU or groups of CGUs which benefit from the synergies of the acquisition and which represent the lowest level at which goodwill is monitored for internal management purposes. The recoverable amount of CGUs is determined based on higher of value-in-use and fair value less cost to sell. Key assumptions in the cash flow projections are prepared based on current economic conditions and comprises estimated long term growth rates, weighted average cost of capital and estimated operating margins. Refer note 4.

#### (e) Investment of Equity Instrument at fair Value through Other comprehensive income

The Group applies judgement to assess whether it has significant influence or control over the investee entities. Where the group determines that it does not exercise significant influence or control, the fair value of equity instrument is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Refer note 35(iv) and 35(v).

#### (f) Deferred Taxes

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all the deductible temporary differences 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, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### 3 Property, Plant and Equipment

	Land	Building	Computer Systems	Office equipments	Furniture and fixtures	Vehicles	Leasehold improvements	Total	Capital work-in-progress
<b>Cost or valuation</b>									
<b>As at April 01, 2021</b>	-	-	247	134	25	-	46	452	14
Additions	-	-	45	11	-	-	11	67	-
Transfers from CWIP	-	-	-	-	-	-	14	14	(14)
Disposals	-	-	(27)	(1)	-	-	-	(28)	-
<b>As at March 31, 2022</b>	-	-	<b>265</b>	<b>144</b>	<b>25</b>	-	<b>71</b>	<b>505</b>	-
Acquisition of subsidiary - refer note 44	-	-	126	10	5	33	-	174	-
Additions	4,423	8,354	166	122	50	-	159	13,274	185
Transfers from CWIP	-	-	-	-	-	-	-	-	-
Disposals	-	-	(48)	-	(1)	-	-	(49)	-
<b>As at March 31, 2023</b>	<b>4,423</b>	<b>8,354</b>	<b>509</b>	<b>276</b>	<b>79</b>	<b>33</b>	<b>230</b>	<b>13,904</b>	<b>185</b>
<b>Accumulated depreciation</b>									
<b>As at April 01, 2021</b>	-	-	218	98	24	-	43	383	-
Charge for the year	-	-	37	18	-	-	16	71	-
Disposals	-	-	(27)	-	-	-	-	(27)	-
<b>As at March 31, 2022</b>	-	-	<b>228</b>	<b>116</b>	<b>24</b>	-	<b>59</b>	<b>427</b>	-
Charge for the year	-	119	77	22	6	1	23	248	-
Disposals	-	-	(48)	-	(1)	-	-	(49)	-
<b>As at March 31, 2023</b>	-	<b>119</b>	<b>257</b>	<b>138</b>	<b>29</b>	<b>1</b>	<b>82</b>	<b>626</b>	-
<b>Net book value</b>									
<b>As at March 31, 2022</b>	-	-	<b>37</b>	<b>28</b>	<b>1</b>	-	<b>12</b>	<b>78</b>	-
<b>As at March 31, 2023</b>	<b>4,423</b>	<b>8,235</b>	<b>252</b>	<b>138</b>	<b>50</b>	<b>32</b>	<b>148</b>	<b>13,278</b>	<b>185</b>

#### Note:

(i) Refer note 18 for details of charge created on the Property, plant and equipment.

#### Capital work-in-progress (CWIP) Ageing

##### As at March 31, 2023

	Amount in CWIP for a period				Total
	Less than 1 years	1-2 years	2-3 years	More than 3 years	
Projects in progress	185	-	-	-	185
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>185</b>

There were no CWIP as at March 31, 2022.

### 4 Goodwill and Other Intangible Assets

#### i) Goodwill

	March 31, 2023	March 31, 2022
<b>Cost or valuation</b>		
<b>Deemed cost</b>		
<b>As at April 01</b>	<b>9,784</b>	<b>9,532</b>
Acquisition of subsidiary - refer note 44	5,404	-
Exchange difference	613	252
<b>As at March 31</b>	<b>15,801</b>	<b>9,784</b>
<b>Accumulated Impairment</b>		
<b>As at April 01</b>	<b>1,888</b>	<b>1,888</b>
	-	-
<b>As at March 31</b>	<b>1,888</b>	<b>1,888</b>
<b>Net book value as at March 31</b>	<b>13,913</b>	<b>7,896</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### ii) Other Intangible Assets

	Other intangible assets					Total	Intangible assets under development
	Trademark	Customer relationships	Non-compete	Computer software	Exclusive license		
<b>Cost or valuation</b>							
<b>Deemed cost</b>							
<b>As at April 01, 2021</b>	<b>88</b>	<b>2,821</b>	<b>62</b>	<b>554</b>	<b>94</b>	<b>3,619</b>	-
Additions	-	-	-	311	-	311	35
Exchange difference	3	94	2	9	3	111	-
<b>As at March 31, 2022</b>	<b>91</b>	<b>2,915</b>	<b>64</b>	<b>874</b>	<b>97</b>	<b>4,041</b>	<b>35</b>
Additions	-	-	-	789	-	789	46
Acquisition of subsidiary - refer note 44	-	7,930	329	-	-	8,259	-
Exchange difference	8	228	4	20	8	268	-
<b>As at March 31, 2023</b>	<b>99</b>	<b>11,073</b>	<b>397</b>	<b>1,683</b>	<b>105</b>	<b>13,357</b>	<b>81</b>
<b>Accumulated amortisation/ Impairment</b>							
<b>As at April 01, 2021</b>	11	368	15	247	12	653	-
Charge for the year	45	666	17	194	48	970	-
Exchange difference	1	18	-	2	1.00	22	-
<b>As at March 31, 2022</b>	<b>57</b>	<b>1,052</b>	<b>32</b>	<b>443</b>	<b>61</b>	<b>1,645</b>	-
Charge for the year	36	916	46	380	39	1,417	-
Exchange difference	6	88	2	12	5	113	-
<b>As at March 31, 2023</b>	<b>99</b>	<b>2,056</b>	<b>80</b>	<b>835</b>	<b>105</b>	<b>3,175</b>	-
<b>Net book value</b>							
<b>As at March 31, 2022</b>	<b>34</b>	<b>1,863</b>	<b>32</b>	<b>431</b>	<b>36</b>	<b>2,396</b>	<b>35</b>
<b>As at March 31, 2023</b>	<b>-</b>	<b>9,017</b>	<b>317</b>	<b>848</b>	<b>-</b>	<b>10,182</b>	<b>81</b>

The customer relationships intangible will be fully amortized in 7 years (March 31, 2022: 3 Years)

### Intangibles Assets under Development Ageing (IAUD)

As at March 31, 2023	Amount in IAUD for a period				Total
	Less than 1 years	1-2 years	2-3 years	More than 3 years	
Projects in progress	46	35	-	-	81
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>46</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>81</b>

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	-	-	-	-	-
<b>Total</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35</b>

### Impairment of Goodwill

The Goodwill of ₹ 1,888 lakhs relates to business acquisition of OSS Cube Solutions Limited, ₹ 611 lakhs relates to the business acquisition of Cupola Technology Private Limited, ₹ 7,898 lakhs related to the business acquisition of Happiest Minds Inc. (formerly known as PGS Inc.) and ₹ 5,404 lakhs related to business acquisition of Sri Mookambika Infosolutions Private Limited (SMI) which has been allocated to OSS Cube, Internet of things (IoT), DBS-PGS and PES cash generating units (CGUs) respectively. Goodwill related to OSS cube is fully impaired.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

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 SMI during the year ended March 31, 2023. The carrying value of goodwill as at March 31, 2023 is 5,404 (March 31, 2022 - Nil). There had neither been significant time lapse from the date of such acquisition to the reporting date (i.e. March 31, 2023) nor any significant change in business had occurred during the period and thus the management believes that there will not be any material impact on the value of goodwill if impairment assessment would have been performed. Hence the management did not carry out impairment testing of goodwill on acquisition of SMI for the year ended March 31, 2023.

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

	IoT		DBS-PGS	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Discount rate	22.89%	22.32%	21.91%	20.93%
Long term growth rate	4.00%	4.00%	2.00%	2.00%
Sales growth	10.00%	20.00%	20.00%	25.00%
Carrying value of goodwill	611	611	7,898	7,285

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 equipment	Office buildings	Motor vehicles	Total
<b>As at April 01 2021</b>	<b>833</b>	-	<b>1,306</b>	<b>11</b>	<b>2,150</b>
Additions	1,495	-	3,992	-	5,487
Depreciation	(750)	-	(1,492)	(5)	(2,247)
<b>As at March 31, 2022</b>	<b>1,578</b>	-	<b>3,806</b>	<b>6</b>	<b>5,390</b>
Additions	1,142	125	2,867	183	4,317
Disposals	-	-	(1,395)	-	(1,395)
Depreciation	(1,186)	(9)	(1,304)	(27)	(2,526)
<b>As at March 31, 2023</b>	<b>1,534</b>	<b>116</b>	<b>3,974</b>	<b>162</b>	<b>5,786</b>

The average lease period of the leased assets is 3.9 years (March 31, 2022: 4.7 years).

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

	March 31, 2023	March 31, 2022
Rent concession income	71	323
	<b>71</b>	<b>323</b>
Interest expense on lease liabilities	544	487
Depreciation of Right-of-use assets	2,526	2,247
Rent expense pertaining to short- term leases	349	284
	<b>3,419</b>	<b>3,018</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### 6 Loans

#### Carried at Amortised Cost

	March 31, 2023	March 31, 2022
<b>Current</b>		
Loans considered good - Unsecured		
Loan to employees	64	4
	<b>64</b>	<b>4</b>

### 7 Other Financial Assets

	March 31, 2023	March 31, 2022
<b>(a) Other financial assets carried at amortised cost</b> (unsecured, considered good, unless otherwise stated)		
<b>Non-current</b>		
Fixed deposit with maturity of more than 12 months	7,131	1,113
Margin money deposits - refer note (i) below	1,720	375
Security deposit	538	339
	<b>9,389</b>	<b>1,827</b>
<b>(i) Margin money deposit is used to secure:</b>		
Term loan - Federal bank	952	370
Guarantees given	768	5
<b>Current</b>		
Interest accrued on fixed deposit	911	26
Unbilled revenue#	10,773	8,911
Security deposit	209	389
Other receivables	56	11
	<b>11,949</b>	<b>9,337</b>
Security deposit - credit impaired	1	1
Less: Allowance for credit impaired loans	(1)	(1)
Less: loss allowance on unbilled revenue	(241)	(181)
	<b>11,708</b>	<b>9,156</b>

# Classified as financial asset as right to consideration is unconditional and is due only after a passage of time. Includes ₹ 71 (March 31, 2022 : ₹ 67) from related party. Refer note 38

<b>(b) Derivative instruments carried at fair value through OCI</b>		
Cash flow hedges		
Foreign currency forward contracts - refer note 36 (B)	166	249
Cross currency interest rate swap - refer note 36 (B)	363	-
	<b>529</b>	<b>249</b>
<b>Total other current financial assets</b>	<b>12,237</b>	<b>9,405</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### 8A Income Tax Assets (Net)

	March 31, 2023	March 31, 2022
<b>Non - current</b>		
Income tax assets (net)	1,310	680
	<b>1,310</b>	<b>680</b>

### 8B Income Tax Liabilities (Net)

	March 31, 2023	March 31, 2022
<b>Current</b>		
Income tax liabilities (net)	517	239
	<b>517</b>	<b>239</b>

### 9 Other Assets

Unsecured, considered good, unless otherwise stated

	March 31, 2023	March 31, 2022
<b>Non - current</b>		
Prepaid expenses	119	1
	<b>119</b>	<b>1</b>
<b>Current</b>		
Prepaid expenses	1,707	1,033
Balances with statutory / government authorities	353	170
Advance to employees against expenses	218	58
Advance to suppliers	150	97
Other advances	407	100
Unbilled revenue #	1,698	1,973
	<b>4,533</b>	<b>3,431</b>
Less: loss allowance on unbilled revenue	(38)	(39)
	<b>4,495</b>	<b>3,392</b>

# Represents contract assets, classified as non-financial assets as the contractual right to consideration is dependent upon completion on contractual milestones.

### 10A Deferred Tax Assets (Net)

	March 31, 2023	March 31, 2022
Deferred tax assets (net)	1,246	697
	<b>1,246</b>	<b>697</b>

#### Significant components and movement in deferred tax assets and liabilities during the year ended March 31, 2023:

	April 01, 2022	Recognised in profit or loss [charge/(credit)]	Recognised in Other comprehensive income [charge/(credit)]	March 31, 2023
Mutual funds	361	(361)	-	-
Goodwill	154	-	-	154
Property, plant and equipment and intangible assets	(61)	83	-	22
Derivative assets	48	-	(159)	(111)

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

	April 01, 2022	Recognised in profit or loss [charge/(credit)]	Recognised in Other comprehensive income [charge/(credit)]	March 31, 2023
Loss allowance on trade receivables	(307)	175	-	(132)
Lease liability and right-of-use assets	(132)	(80)	-	(212)
Provision for gratuity and leave encashment	(531)	(173)	(31)	(735)
Others	(229)	(3)	-	(232)
<b>Deferred tax assets (net)</b>	<b>(697)</b>	<b>(359)</b>	<b>(190)</b>	<b>(1,246)</b>

### 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)]	Recognised in Other comprehensive income [charge/(credit)]	March 31, 2022
Mutual funds	54	307	-	361
Goodwill	91	63	-	154
Derivative assets	128	-	(80)	48
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)
<b>Deferred tax assets (net)</b>	<b>(1,026)</b>	<b>433</b>	<b>(104)</b>	<b>(697)</b>

## 10B Deferred Tax Liabilities (Net)

	March 31, 2023	March 31, 2022
Deferred tax liabilities (net)	2,060	468
	<b>2,060</b>	<b>468</b>

### Significant Components and Movement in Deferred Tax Assets and liabilities during the year ended March 31, 2023:

	April 01, 2022	Acquisition of subsidiary - refer note 44	Recognised in profit or loss [charge/(credit)]	Recognised in Other comprehensive income #	Foreign currency translation reserve	March 31, 2023
Property, plant and equipment and intangible assets	531	2,069	(293)	-	39	2,346
Loss allowance on trade receivables	(63)	-	12	-	(6)	(57)
Equity instrument at FVOCI	-	-	-	(74)	-	(74)
Provision for gratuity and leave encashment	-	(70)	1	(8)	-	(77)
Others	-	(96)	18	-	-	(78)
<b>Deferred tax liabilities (net)</b>	<b>468</b>	<b>1,903</b>	<b>(262)</b>	<b>(82)</b>	<b>33</b>	<b>2,060</b>

# excludes impact of Foreign currency translation reserve

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, 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
Property, plant and equipment and intangible assets	725	(216)	22	531
Loss allowance on trade receivables	-	(62)	(1)	(63)
<b>Deferred tax liabilities (net)</b>	<b>725</b>	<b>(278)</b>	<b>21</b>	<b>468</b>

## 11 Investments

### Non-current

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

	March 31, 2023	March 31, 2022
Unquoted		
334 (March 31, 2022 : 134) Series A Common Shares of \$ 0.01 par value of Tech4TH Solutions Inc. - refer note 35 (iv)	1,296	762
	<b>1,296</b>	<b>762</b>

During the year ended March 31, 2023, the Group invested further US\$ 1,000,000 (₹ 827 lakhs) in Tech4TH Solutions Inc (Tech4TH). As a result, the Group's holding increased from 11.17% as at March 31, 2022 to 23.5% as at March 31, 2023. The Group has determined that it does not exercise significant influence on Tech4TH as the company does not have any representation on the board of directors of Tech4TH, does not participate in any policy making decisions, nor does it have any material transactions with Tech4TH. 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, 2023 Units in lakhs	March 31, 2022 Units in lakhs	March 31, 2023 Amount	March 31, 2022 Amount
<b>Quoted</b>				
Aditya Birla - Money manager fund - Growth	-	3.00	-	803
Aditya Birla - Savings Fund - Growth	-	19	-	8,370
Axis - Banking and PSU debt fund - Growth	-	1.00	-	3,062
HDFC - Ultra short term fund - Growth	-	727	-	9,023
ICICI Prudential - Short term fund - Growth	-	72	-	3,679
ICICI Prudential - Ultra short term fund - Growth	-	367	-	8,785
IDFC - Banking and PSU debt fund - Growth	-	175.00	-	3,578
Kotak - Banking & PSU Debt fund - Growth	-	76	-	4,119
L&T - Banking & PSU Debt fund - Growth	-	194	-	4,087
Nippon - Banking and PSU debt fund - Growth	-	27.00	-	459
UTI - Ultra short term fund - Growth	-	*	-	435
			-	<b>46,400</b>

### Note:

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

Aggregate book value of quoted investments	-	46,400
Aggregate market value of quoted investments	-	46,400
Aggregate value of unquoted investments	1,296	762
Aggregate amount of impairment in value of investments	-	-

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### 12 Trade Receivables

#### Carried at amortised cost

	March 31, 2023	March 31, 2022
<b>Current</b>		
Trade receivables - others	21,051	16,732
Trade receivables - related party - refer note 38	268	6
<b>Total trade receivables</b>	<b>21,319</b>	<b>16,738</b>
<b>Break-up for security details</b>		
Unsecured, considered good	22,100	18,248
	<b>22,100</b>	<b>18,248</b>
<b>Impairment allowance</b>		
Unsecured, considered good	(781)	(1,510)
<b>Trade receivables net of impairment</b>	<b>21,319</b>	<b>16,738</b>

#### Trade Receivables Ageing Schedule

As at March 31, 2023	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	14,955	6,420	389	307	14	15	22,100
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	-	-	-	-	-	-	-
<b>Total</b>	<b>14,955</b>	<b>6,420</b>	<b>389</b>	<b>307</b>	<b>14</b>	<b>15</b>	<b>22,100</b>
Less: Impairment allowance							(781)
<b>Total</b>							<b>21,319</b>

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	-	-	-	-	-	-	-

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

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	
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>13,346</b>	<b>3,714</b>	<b>484</b>	<b>448</b>	<b>130</b>	<b>126</b>	<b>18,248</b>
Less: Impairment allowance							(1,510)
<b>Total</b>							<b>16,738</b>

- (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, except as disclosed in note 38
- (ii) Trade receivables are non-interest bearing and are generally on terms of 0 to 180 days.
- (iii) For terms and conditions relating to related party receivables refer note 38.
- (iv) For unbilled revenue refer note 7

### 13 Cash and Cash Equivalents

	March 31, 2023	March 31, 2022
Balances with banks:		
- in current accounts	5,346	5,649
- in EEFC accounts	1,653	1,080
Cash on hand-Foreign Currency	*	-
	<b>6,999</b>	<b>6,729</b>

\* Represents number below rounding off norms of the Group.

### 14 Bank and Bank Balance Other than Cash and Cash Equivalents

	March 31, 2023	March 31, 2022
Fixed deposit	46,175	9,092
Margin money deposits - refer note (i) below	15,997	972
Balances with bank in unpaid dividend account	12	7
	<b>62,184</b>	<b>10,071</b>
(i) Margin money deposit is used to secure:		
Working capital facility and bank overdrafts	15,200	200
Term loan - Federal bank	790	-
Guarantees given	7	772

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### 15 Share Capital

#### Equity Share Capital

##### i) Authorised Share Capital

	Numbers	Amount
Equity share capital of ₹ 2 each		
<b>As at April 01, 2021</b>	<b>22,93,00,000</b>	<b>4,586</b>
Increase during the year	-	-
<b>As at March 31, 2022</b>	<b>22,93,00,000</b>	<b>4,586</b>
Increase during the year	-	-
<b>As at March 31, 2023</b>	<b>22,93,00,000</b>	<b>4,586</b>

##### ii) Issued, Subscribed and fully paid up Equity Share Capital

	Numbers	Amount
Equity share capital of ₹ 2 each, fully paid up		
<b>As at April 01, 2021</b>	<b>14,17,83,304</b>	<b>2,837</b>
Exercise of share options - refer note (1) below	8,25,563	17
<b>As at March 31, 2022</b>	<b>14,26,08,867</b>	<b>2,854</b>
Exercise of share options - refer note (1) below	5,79,688	12
<b>As at March 31, 2023</b>	<b>14,31,88,555</b>	<b>2,866</b>

(1) During the year ended March 31, 2023, Employee Benefit Trust (EBT) issued 5,79,688 (March 31, 2022 - 8,25,563) equity shares to the employees upon exercise of employee stock options.

(2) (2) The outstanding equity shares as at April 01, 2021, March 31, 2022 and March 31, 2023 are presented net of treasury shares.

##### (iii) Terms/ rights attached to equity shares

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

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

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

	March 31, 2023		March 31, 2022	
	No of Shares	Holding percentage	No of Shares	Holding percentage
<b>Equity shares of ₹ 2 each fully paid</b>				
Mr. Ashok Soota (Promoter)	6,00,75,393	41.96%	6,00,68,668	42.12%
Ashok Soota Medical Research LLP	1,79,48,784	12.54%	1,79,48,784	12.59%

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.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### (vi) Details of shares held by promoters

#### As at March 31, 2023

	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	6,00,68,668	6,725	6,00,75,393	41.96%	0.01%
Equity shares of ₹ 2 each fully paid	Ashok Soota Medical Research LLP	1,79,48,784	-	1,79,48,784	12.54%	0.00%

#### 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%
Equity shares of ₹ 2 each fully paid	Ashok Soota Medical Research LLP	1,79,48,784	-	1,79,48,784	12.59%	0.00%

### (vii) Treasury shares

	Numbers
<b>As at April 01 2021</b>	<b>50,80,252</b>
Issue for cash on exercise of share options	(8,25,563)
<b>As at March 31, 2022</b>	<b>42,54,689</b>
Issue for cash on exercise of share options	(5,79,688)
<b>As at March 31, 2023</b>	<b>36,75,001</b>

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

### 16 Other Equity

	March 31, 2023	March 31, 2022
Securities premium account	41,556	41,205
Retained earnings	39,064	21,773
Cash flow hedge reserve	(330)	143
Foreign currency translation reserve	737	220
Share options outstanding reserve	266	385
Equity instrument through Other comprehensive income (OCI)	(277)	-
	<b>81,016</b>	<b>63,726</b>
<b>a) Securities premium account</b>		
<b>Opening balance</b>	41,205	40,454
Transaction costs, net of recovery or reimbursement of expense on issue of shares	-	327
Exercise of share option by employees	135	154
Transferred from ESOP reserve for options exercised	216	270
<b>Closing balance</b>	<b>41,556</b>	<b>41,205</b>



## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

	March 31, 2023	March 31, 2022
<b>b) Retained earnings</b>		
Opening balance	21,773	10,550
Profit for the year	23,099	18,120
Other comprehensive income recognised directly in retained earnings	(116)	(73)
Dividend - refer note 17	(5,715)	(6,830)
Transferred from share option outstanding reserve for options forfeited	23	6
<b>Closing balance</b>	<b>39,064</b>	<b>21,773</b>
<b>c) Cash flow hedge reserve</b>		
Opening balance	143	379
Net movement on effective portion of cash flow hedges - refer note 36 (B)	(473)	(236)
<b>Closing balance</b>	<b>(330)</b>	<b>143</b>
<b>d) Foreign currency translation reserve</b>		
Opening balance	220	18
Additions during the period	517	202
<b>Closing balance</b>	<b>737</b>	<b>220</b>
<b>e) Share options outstanding reserve</b>		
Opening balance	385	361
Employee compensation expense for the year - refer note 43	120	300
Transferred to retained earnings for options forfeited	(23)	(6)
Transferred to securities premium for options exercised	(216)	(270)
<b>Closing balance</b>	<b>266</b>	<b>385</b>
<b>f) Equity instrument through Other comprehensive income (OCI)</b>		
Opening balance	-	-
Additions during the period, net of taxes - refer note 35 (iv)	(277)	-
<b>Closing balance</b>	<b>(277)</b>	<b>-</b>

### (i) Nature and purpose of other reserves

#### a) Securities premium account :

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

#### b) Retained earnings :

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

#### c) Cash flow hedge reserve :

The 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.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### 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.

### f) Equity instrument through Other comprehensive income (OCI)

The Group has elected to recognise changes in the fair value of certain investments in equity shares in other comprehensive income. These changes are accumulated within the Equity instruments through Other Comprehensive Income within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity shares are derecognised.

## 17 Distribution made

	March 31, 2023	March 31, 2022
<b>Dividends on equity shares declared and paid :</b>		
Final dividend paid for the year ended on March 31, 2022 : 2/- per share (March 31, 2021 : ₹ 3/- per share)	2,856	4,311
Interim dividend for the year ended on March 31, 2023 : ₹ 2/- per share (March 31, 2022 : 1.75/- per share)	2,859	2,519
	<b>5,715</b>	<b>6,830</b>

## 18 Borrowings

### Carried at Amortized cost

	March 31, 2023	March 31, 2022
<b>Non current</b>		
<b>Secured</b>		
Term loan from bank		
Foreign currency term loan - refer note (a) below	1,870	3,793
Rupee term loan - refer note (b) below	11,986	-
	<b>13,856</b>	<b>3,793</b>
Less: Current maturities of foreign currency term loan	(1,870)	(2,069)
Less: Current maturities of rupee term loan	(708)	-
<b>Total non-current borrowings</b>	<b>11,278</b>	<b>1,724</b>
<b>Current</b>		
<b>Secured</b>		
Loans from banks		
Foreign currency loan (PCFC) - refer note (d)	18,980	15,271
Bank overdraft - refer note (f) below	7,119	-
<b>Unsecured</b>		
Loans from banks		
Foreign currency loan (PCFC) - refer note (e)	2,300	-
Redeemable non-convertible debentures - refer note (c) below	4,500	-
Current maturities of term loans		
Foreign currency term loan from bank - refer note (a) below	1,870	2,069
Rupee term loan from bank - refer note (b) below	708	-
<b>Total current borrowings</b>	<b>35,477</b>	<b>17,340</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### Notes

(a) Foreign currency term loan of ₹ 6,025 lakhs (USD 8.25 million) from Federal bank carries a fixed interest rate of 3.2% per annum (March 31, 2022 : 3.2% 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 Company (excluding leased asset charged to Hewlett Packard) and also by lien on fixed deposit equivalent to two months instalments plus interest (refer note 14). The loan was raised exclusively for funding the acquisition of Happiest Minds Inc. (formerly known as PGS Inc.).

(b) Rupee term loan of ₹ 12,430 lakhs from Federal bank carries an effective interest rate of 7.9% per annum (March 31, 2022: Nil). The loan is repayable in 120 monthly installment commencing from August 15, 2022 and will mature on July 15, 2032. The proceeds from the loan was utilized for the acquisition of land and building at SJR Equinox in Bengaluru. The loan is secured by way of exclusive charge on such land and building together with all the fixed assets in the building and lien on fixed deposits equivalent to three months instalments plus interest (refer note 7).

The Company has entered into an Cross currency interest rate swap with respect to aforementioned loan over the tenure wherein it will pay USD 15.6 million at an effective interest rate of 4.21% per annum and receive ₹ 12,430 lakhs at an interest rate of 7.9% per annum.

(c) 4,500 rated, listed, negotiable, unsecured, redeemable non-convertible debentures (NCDs) aggregating to ₹ 4,500 lakhs were issued during the year on a private placement basis carrying a coupon rate of 3m T-bill + 2.35% p.a payable quarterly. Each NCD has face value of ₹ 1 lakh and is redeemable at face value at the end of 3rd year from the date of allotment. The NCDs were allotted on March 27, 2023 and will mature on March 27, 2026. The proceeds from NCDs will be utilised for general corporate purpose. The investor and the issuer has the option to put or call for the redemption of debenture at face value on the coupon payment date falling on the expiry of one year or two years from the deemed date of allotment (i.e. March 23, 2023). Consequently, the NCDs are disclosed under current borrowings.

(d) PCFC loan taken from Kotak Mahindra carries an interest rate ranging 4.91% to 5.51% p.a. (March 31, 2022 - 1.2% p.a.) and is repayable within 90-120 days.

PCFC loan taken from RBL bank carries an interest rate ranging 5.68% to 5.88% p.a. (March 31, 2022 - 1.28% to 1.32% p.a.) and is repayable within 90 days.

PCFC loan taken from Federal bank carries an interest rate of 5.55% to 5.66% p.a. (March 31, 2022 - 1.10% to 1.39% p.a.) and is repayable within 90 days.

PCFC loan taken from ICICI bank carries an interest rate of 5.89% to 5.96% p.a. (March 31, 2022 - 1.15% to 1.45% p.a.) and is repayable within 90 days.

PCFC from RBL is secured by the way of lien on fixed deposit of ₹ 200 lakhs and by pari-passu charge on current assets of the Parent. Refer note 14. All other PCFC are fully secured by the way of pari-passu charge on current assets of the Parent.

(e) PCFC loan taken from Axis bank is unsecured, carries an interest rate of 5.98% p.a. (March 31, 2022 - Nil) and is repayable within 90 days.

(f) Overdraft facility from SBI bank amount to ₹ 15,000 lakhs carries an interest rate of 7.95% p.a. (March 31, 2022 - Nil) and is repayable on demand. Amount utilised as at March 31, 2023 is ₹ 7,119 lakhs (March 31, 2022 - Nil). Overdraft facility is fully secured by the way of lien on fixed deposit of ₹ 15,000 lakhs. Refer note 14.

(g) PCFC loan from RBL bank, Federal bank, Kotak Mahindra, NCDs and Rupee term loan from Federal bank contains covenants pertaining to current ratio, interest coverage ratio, EBIDTA to interest ratio, total outstanding liability to adjusted tangible net worth ratio, total debt to EBIDTA, Debt service coverage ratio. The Company has satisfied all the debt covenants prescribed in the terms of the borrowings. Other borrowings doesn't have any debt covenants. The Company has not defaulted in any of the loans payable. Quarterly statements of current assets filed by the Company with banks in respect of the PCFC facilities are in agreement with the books of accounts.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

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

	Non-current borrowings <sup>#</sup>	Current borrowings <sup>##</sup>
<b>As at April 01, 2021</b>	<b>5,658</b>	<b>10,972</b>
Financing cash flows (net)	(2,053)	4,012
Non cash movements:		
Amortisation of transaction cost	15	-
Foreign exchange difference	173	287
<b>As at March 31, 2022</b>	<b>3,793</b>	<b>15,271</b>
Acquisition of subsidiary - refer note 44	-	104
Financing cash flows (net)	9,774	9,117
Non cash movements:		
Amortisation of transaction cost	18	-
Foreign exchange difference	271	1,288
<b>As at March 31, 2023</b>	<b>13,856</b>	<b>25,780</b>

<sup>#</sup> Current maturities of term loans are included in the Non-current borrowings

<sup>##</sup> Current borrowing movement doesn't includes bank overdraft which forms part of cash and cash equivalent for the purpose of Cash flow statement.

## 19 Lease Liabilities

### Carried at amortised cost

	March 31, 2023	March 31, 2022
<b>Non current</b>		
Lease liabilities	6,620	5,911
	<b>6,620</b>	<b>5,911</b>
Less: Current maturities of lease liabilities	(1,859)	(1,792)
<b>Total non-current lease liabilities</b>	<b>4,761</b>	<b>4,119</b>
<b>Current</b>		
Lease liabilities	1,859	1,792
<b>Total current lease liabilities</b>	<b>1,859</b>	<b>1,792</b>

### (i) Movement in lease liabilities for year ended March 31, 2023 and March 31, 2022:

	March 31, 2023	March 31, 2022
Balance at beginning of the year	5,911	2,645
Additions	4,209	5,291
Finance cost incurred during the period - refer note 29	544	487
Disposal	(1,431)	-
Payment of lease liabilities	(2,548)	(2,189)
Rent concession - refer note 26	(71)	(323)
Exchange difference	6	-
<b>Balance at the end of the year</b>	<b>6,620</b>	<b>5,911</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

- (ii) The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2023 and March 31, 2022

	March 31, 2023	March 31, 2022
Less than one year	2,364	2,264
One to five years	5,374	4,769
More than five years	-	-

- (iii) The Group had total cash outflow of ₹ 2,548 lakhs during the year ended March 31, 2023 (March 31, 2022 - ₹ 2,189 lakhs) for leases recognized in balance sheet. The Group has made a non-cash addition to lease liabilities of ₹ 4,209 lakhs during the year ended March 31, 2023 (March 31, 2022 - ₹ 5,291 lakhs).

## 20 Other Financial Liabilities

	March 31, 2023	March 31, 2022
<b>Non-current</b>		
<b>Carried at fair value through profit or loss</b>		
Contingent consideration - refer note 31, 35 (iv) and 35(v)	1,292	1,291
	<b>1,292</b>	<b>1,291</b>
<b>Carried at fair value through other comprehensive income</b>		
Cash flow hedges		
Cross currency interest rate swap - refer note 36 (B)	704	-
	<b>704</b>	<b>-</b>
<b>Total non - current financial liabilities</b>	<b>1,996</b>	<b>1,291</b>
<b>Current</b>		
<b>Carried at amortised cost</b>		
Employee related liabilities	3,815	4,254
Unpaid dividend	13	7
Capital creditors	386	-
Accrued interest payable	6	-
	<b>4,220</b>	<b>4,261</b>
<b>Carried at fair value through profit or loss</b>		
Contingent consideration - refer note 31, 35 (iv) and 35(v)	2,941	1,467
	<b>2,941</b>	<b>1,467</b>
<b>Carried at fair value through Other Comprehensive Income</b>		
Cash flow hedges		
Foreign currency forward contracts - refer note 36 (B)	267	60
	<b>267</b>	<b>60</b>
<b>Total other current financial liabilities</b>	<b>7,428</b>	<b>5,788</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

## 21 Provisions

	March 31, 2023	March 31, 2022
<b>Non-current</b>		
Provision for gratuity - refer note 34	2,466	1,858
	<b>2,466</b>	<b>1,858</b>
<b>Current</b>		
Provision for compensated absences	1,746	1,432
Other provisions		
Provision for warranty	29	26
	<b>1,775</b>	<b>1,458</b>

### Movement during the year - Provision for warranty

<b>Balance as at April 01, 2021</b>	<b>25</b>
Arising during the year	1
Utilised/ reversed during the year	-
<b>Balance as at March 31, 2022</b>	<b>26</b>
Arising during the year	-
Utilised/ reversed during the year	-
Exchange (gain)/ loss	3
<b>Balance as at March 31, 2023</b>	<b>29</b>

## 22 Contract Liabilities

	March 31, 2023	March 31, 2022
<b>Current</b>		
Unearned revenue - refer note (i) below	1,157	1,346
	<b>1,157</b>	<b>1,346</b>

- (i) The Group has rendered the service and have recognised the revenue of ₹ 1,346 lakhs (March 31, 2022: ₹ 474 lakhs) during the year from the unearned revenue balance at the beginning of the year.

## 23 Trade Payables

### Carried at Amortised Cost

	March 31, 2023	March 31, 2022
Total outstanding dues of micro enterprises and small enterprises - refer note (iii) below	83	79
Total outstanding dues of creditors other than micro enterprises and small enterprises	6,969	5,993
	<b>7,052</b>	<b>6,072</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### Trade payables Ageing Schedule

As at March 31, 2023	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	83	-	-	-	83
Total outstanding dues of creditors other than micro enterprises and small enterprises	900	-	12	-	912
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Provision for expenses	-	-	-	-	6,057
	<b>983</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>7,052</b>

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
	<b>1,220</b>	<b>13</b>	<b>1</b>	<b>20</b>	<b>6,072</b>

#### Terms and conditions of above trade payables:

- Trade payables are non-interest bearing and are normally settled on 0 to 90 days terms
- For explanation of Group's liquidity risk - refer note 36 (D)
- 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, 2023	March 31, 2022
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	83	79
Interest due on the above	3	-
(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	-	-

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2023	March 31, 2022
(iii) The amount of interest accrued and remaining unpaid at the end of each accounting year	3	-
(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	3	-

### 24 Other Liabilities

	March 31, 2023	March 31, 2022
<b>Current</b>		
Statutory dues payable	2,229	2,223
Other payables	146	203
	<b>2,375</b>	<b>2,426</b>

### 25 Revenue from Contract with Customers

	For the year ended	
	March 31, 2023	March 31, 2022
Sale of service	1,42,605	1,09,314
Sale of licenses (net)	324	51
	<b>1,42,929</b>	<b>1,09,365</b>

#### 25.1 Disaggregated Revenue Information

Segment	For the year ended March 31, 2023			
	Infrastructure Management & Security Services	Digital Business Services	Product Engineering Services	Total
Revenue from contract with customers	30,694	43,070	69,165	1,42,929
<b>Total revenue from contracts with customers</b>	<b>30,694</b>	<b>43,070</b>	<b>69,165</b>	<b>1,42,929</b>
India	10,941	4,936	7,171	23,048
Outside India	19,753	38,134	61,994	1,19,881
<b>Total revenue from contracts with customers</b>	<b>30,694</b>	<b>43,070</b>	<b>69,165</b>	<b>1,42,929</b>
<b>Timing of revenue recognition</b>				
Licenses transferred at a point in time	316	1	7	324
Fixed price project - services transferred over time	13,813	17,677	3,940	35,430
Time and material - services transferred over time	16,565	25,392	65,218	1,07,175
<b>Total revenue from contracts with customers</b>	<b>30,694</b>	<b>43,070</b>	<b>69,165</b>	<b>1,42,929</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

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
<b>Total revenue from contracts with customers</b>	<b>24,168</b>	<b>32,887</b>	<b>52,310</b>	<b>1,09,365</b>
India	8,821	8,099	3,674	20,594
Outside India	15,347	24,788	48,636	88,771
<b>Total revenue from contracts with customers</b>	<b>24,168</b>	<b>32,887</b>	<b>52,310</b>	<b>1,09,365</b>
<b>Timing of revenue recognition</b>				
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
<b>Total revenue from contracts with customers</b>	<b>24,168</b>	<b>32,887</b>	<b>52,310</b>	<b>1,09,365</b>

### 25.2 Contract Balances

	For the year ended	
	March 31, 2023	March 31, 2022
Trade receivables	21,319	16,738
Unbilled revenue	10,532	8,730
Contract assets	1,660	1,934
Contract liability	1,157	1,346

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

	For the year ended	
	March 31, 2023	March 31, 2022
Revenue as per contract price	1,43,413	1,10,018
Discount	(484)	(653)
<b>Revenue from contract with customers</b>	<b>1,42,929</b>	<b>1,09,365</b>

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 ₹ 4,953 lakhs (March 31, 2022: ₹ 8,488 lakhs). The revenue for remaining performance obligation is expected to be recognised over period of 1-3 years (March 31, 2022: 1-3 years).

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### 26 Other Income

	For the year ended	
	March 31, 2023	March 31, 2022
Interest income on:		
Deposits with bank	2,568	507
Income tax refund	-	46
Financial instrument measured at amortised cost	42	83
	<b>2,610</b>	<b>636</b>
Fair value gain on investment measured at FVTPL	-	368
Gain on sale of investments measured at FVTPL	803	1,377
Exchange gain	(1,433)	786
Loss on property, plant and equipment sold / scrapped, net	-	10
Rent concession - refer note (i) below	71	323
Insurance claim - refer note (ii) below	-	200
Miscellaneous income	60	10
	<b>(499)</b>	<b>3,074</b>
	<b>2,111</b>	<b>3,710</b>

- (i) During the year ended March 31, 2023 and March 31, 2022, 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.
- (ii) An American national and an ex-employee on September 9, 2019 had filed a class-action complaint against the Parent before the United States District Court, Northern District of California, San Jose Division, alleging that the Parent 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 lakhs during year ended March 2021. During the quarter ended June 30, 2021, the Company received reimbursements from the insurance company covering settlement and related expenses amounting to ₹200 lakhs which has been presented under 'Other Income'.

### 27 Employee Benefits Expense

	For the year ended	
	March 31, 2023	March 31, 2022
Salaries, wages and bonus	74,999	57,598
Contribution to provident fund	3,768	2,839
Employee stock compensation expense - refer note 43	120	300
Gratuity expense - refer note 34	559	518
Compensated absences	831	607
Staff welfare expenses	404	138
	<b>80,681</b>	<b>62,000</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### 28 Depreciation and Amortisation Expense

	For the year ended	
	March 31, 2023	March 31, 2022
Depreciation of property, plant and equipment - refer note 3	248	71
Amortisation of intangible assets - refer note 4	1,417	970
Depreciation of right-of-use assets - refer note 5	2,526	2,247
	<b>4,191</b>	<b>3,288</b>

### 29 Finance Costs

	For the year ended	
	March 31, 2023	March 31, 2022
Interest expense on:		
Borrowings	1,548	343
Non convertible debenture	10	-
Lease liabilities - refer note 19	544	487
Unwinding of interest in contingent consideration	84	165
	<b>2,186</b>	<b>995</b>

### 30 Other Expenses

	For the year ended	
	March 31, 2023	March 31, 2022
Power and fuel	441	204
Subcontractor charges	14,916	14,056
Repairs and maintenance		
- Buildings	186	107
- Equipments	45	24
- Others	364	246
Rent expenses - refer note (ii) below	349	284
Advertising and business promotion expenses	655	282
Commission	46	99
Communication costs	234	278
Insurance	118	48
Legal and professional fees	550	473
Audit fees - refer note (i) below	88	67
Loss on property, plant and equipment sold / scrapped, net	1	-
Software license cost	3,946	2,429
Rates and taxes	55	96
Recruitment charges	982	916
Impairment loss allowance on trade receivables	(59)	101
Impairment loss allowance on unbilled revenue	59	88
Sitting fees to non-executive directors - refer note 38	43	54
Commission to non-executive directors - refer note 38	37	26
Corporate social responsibility ('CSR') expenditure - refer note 39	336	215
Travelling and conveyance	2,366	893
Postage and courier	86	94
Training expense	379	248
Miscellaneous expenses	139	270
	<b>26,362</b>	<b>21,598</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### (i) Payment to auditors:

	For the year ended	
	March 31, 2023	March 31, 2022
As auditor:		
Audit fee	85	65
In other capacity		
Certification fees	-	-
Reimbursement of expenses	3	2
	<b>88</b>	<b>67</b>

### 31 Exceptional Items

	For the year ended	
	March 31, 2023	March 31, 2022
Fair valuation loss on contingent consideration	634	609
	<b>634</b>	<b>609</b>

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 million (₹ 9,720 lakhs), comprising cash consideration of US \$ 8.25 million (₹ 6,025 lakhs) and fair-valued contingent consideration in the form of warrants of US \$ 5.06 million (₹ 3,696 lakhs) 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 and there was increase in the liability basis increasing expectation of payout. The said increase amounting to ₹ 634 (March 31, 2022 : ₹ 609 lakhs) has been recognised in the statement of profit and loss and disclosed as 'Exceptional Item'.

### 32 Income Tax Expense

	For the year ended	
	March 31, 2023	March 31, 2022
<b>a) Statement of profit and loss</b>		
Current tax	8,508	6,266
Adjustment of tax relating to earlier periods	-	44
Deferred tax credit	(621)	155
<b>Income tax expense</b>	<b>7,887</b>	<b>6,465</b>
<b>b) Statement of other comprehensive income</b>		
On net movement on effective portion of cash flow hedges	159	80
On re-measurement losses on defined benefit plans	39	24
On net loss on equity instruments carried at fair value through OCI	74	-
	<b>272</b>	<b>104</b>
<b>Reconciliation of tax expense and tax based on accounting profit:</b>		
Profit before income tax expense	30,986	24,585
Tax at the Indian tax rate of 25.17% (March 31, 2022 : 25.17%)	7,799	6,188
Tax effect of:		
Adjustment of tax relating to earlier periods	-	44
Expenses not deductible	95	242
Difference in tax rates	(101)	(49)
Others	94	40
<b>Income tax expense</b>	<b>7,887</b>	<b>6,465</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### 33 Earnings per Share ['EPS']

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

	For the year ended	
	March 31, 2023	March 31, 2022
Profit after tax attributable to equity holders of the Parent (a) (₹ in lakhs)	23,099	18,120
Weighted average number of shares outstanding during the year for basic EPS (b)	14,31,81,324	14,11,64,508
Weighted average number of shares outstanding during the year for diluted EPS (c)	14,42,60,047	14,44,10,568
Basic Earning per share (in ₹) (a/b)	16.13	12.84
Diluted Earnings per share (in ₹) (a/c)	16.01	12.55
<b>Equity shares reconciliation for EPS</b>		
Equity shares outstanding	14,31,81,324	14,11,64,508
<b>Total considered for Basic EPS</b>	<b>14,31,81,324</b>	<b>14,11,64,508</b>
Add: ESOP options	10,78,723	32,46,060
<b>Total considered for diluted shares</b>	<b>14,42,60,047</b>	<b>14,44,10,568</b>

### 34 Employee Benefits Plan

#### (i) Defined contribution plans - Provident Fund

The Group makes contributions for qualifying employees to Provident Fund and other defined contribution plans. During the year, the Group recognised ₹ 3,768 lakhs (March 31, 2022 : ₹ 2,839 lakhs) towards defined contribution plans.

#### (ii) Defined benefit plans (funded):

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

Gratuity is a defined benefit plan and Group is exposed to the following risks:

Interest risk	A decrease in the bond interest rate will increase the plan liability.
Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.
Longevity risk	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, 2023	March 31, 2022
Current	-	-
Non-current	2,466	1,858
	<b>2,466</b>	<b>1,858</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

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

#### Changes in the defined benefit obligation and fair value of plan assets for the year ended March 31, 2023:

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
<b>As at April 1, 2022</b>	<b>2,430</b>	<b>572</b>	<b>1,858</b>
Acquisition of subsidiary - refer note 44	380	124	256
Current service cost	453	-	453
Net interest expense	140	34	106
<b>Total amount recognised in statement of profit and loss</b>	<b>593</b>	<b>34</b>	<b>559</b>
<b>Benefits paid</b>	<b>(253)</b>	<b>(247)</b>	<b>(6)</b>
<b>Remeasurement</b>			
Return on plan assets	-	(5)	5
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	(155)	-	(155)
Experience adjustments	304	-	304
<b>Total amount recognised in other comprehensive income</b>	<b>149</b>	<b>(5)</b>	<b>154</b>
Contributions by employer	-	355	(355)
<b>As at March 31, 2023</b>	<b>3,299</b>	<b>833</b>	<b>2,466</b>

#### 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)
<b>As at April 1, 2021</b>	<b>1,997</b>	<b>104</b>	<b>1,893</b>
Current service cost	413	-	413
Net interest expense	111	6	105
<b>Total amount recognised in statement of profit and loss</b>	<b>524</b>	<b>6</b>	<b>518</b>
Benefits paid	(188)	(188)	-
<b>Remeasurement</b>			
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
<b>Total amount recognised in other comprehensive income</b>	<b>97</b>	<b>-</b>	<b>97</b>
Contributions by employer	-	650	(650)
<b>As at March 31, 2022</b>	<b>2,430</b>	<b>572</b>	<b>1,858</b>

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

	March 31, 2023	March 31, 2022
Insurance fund	833	572
<b>Total</b>	<b>833</b>	<b>572</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

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

	March 31, 2023	March 31, 2022
Discount rate	7.29% - 7.41%	5.66%
Expected return on plan assets	7.29% - 7.41%	5.66%
Future salary increases	5% p.a. - 8% p.a	8.00 % p.a.
Employee turnover	10% - 25%	25.00%
Mortality	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)

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

Sensitivity Level	March 31, 2023		March 31, 2022	
	Defined benefit obligation on increase/decrease in assumptions			
	Increase	Decrease	Increase	Decrease
Discount rate 1% increase / decrease	(92)	100	(76)	83
Future salary increase 1% increase / decrease	96	(92)	79	(75)
Attrition rate 1% increase / decrease	(18)	18	(20)	21

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.

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, 2023 is ₹ 462 lakhs (March 31, 2022 : ₹ 240 lakhs). The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 4 to 8 years (March 31, 2022: 4 years). The expected maturity analysis of undiscounted gratuity is as follows:

	March 31, 2023	March 31, 2022
Within the next 12 months	651	511
Between 2 and 5 years	1,918	1,381
Between 6 and 10 years	1,166	760
Beyond 10 years	775	351

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### 35 Fair Value Measurement

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

	March 31, 2023	March 31, 2022
<b>Measured at Fair Value Through Other Comprehensive Income (FVOCI)</b>		
Foreign currency forward contracts	166	249
Cross currency interest rate swap	363	-
Investment in Tech4TH Solutions Inc.	1,296	762
<b>Total financial assets measured at FVOCI</b>	<b>1,825</b>	<b>1,011</b>
<b>Measured at Fair Value Through Statement of Profit and Loss (FVTPL)</b>		
Investment in mutual funds	-	46,400
<b>Total financial assets measured at FVTPL</b>	<b>-</b>	<b>46,400</b>
<b>Measured at amortised cost</b>		
Security deposits	747	728
Loans to employees	64	4
Other financial assets	20,350	10,255
Trade receivables	21,319	16,738
Bank and bank balance other than cash and cash equivalents	62,184	10,071
Cash and cash equivalents	6,999	6,729
<b>Total financial assets measured at amortised cost</b>	<b>1,11,663</b>	<b>44,525</b>
<b>Total financial assets</b>	<b>1,13,488</b>	<b>91,936</b>

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

	March 31, 2023	March 31, 2022
<b>Measured at fair value through other profit or loss (FVTPL)</b>		
Contingent consideration	4,233	2,758
<b>Total financial liabilities measured at FVTPL</b>	<b>4,233</b>	<b>2,758</b>
<b>Measured at fair value through other comprehensive income (FVOCI)</b>		
Foreign currency forward contracts	267	60
Cross currency interest rate swap	704	-
<b>Total financial liabilities measured at FVOCI</b>	<b>971</b>	<b>60</b>
<b>Measured at amortised cost</b>		
Foreign currency term loan	13,856	3,793
Redeemable non-convertible debentures	4,500	-
Foreign currency loan (PCFC)	21,280	15,271
Bank Overdraft	7,119	-
Lease liabilities	6,620	5,911
Trade payables	7,052	6,072
Other financial liabilities	4,220	4,261
<b>Total financial liabilities measured at amortised cost</b>	<b>64,647</b>	<b>35,308</b>
<b>Total financial liabilities</b>	<b>69,851</b>	<b>38,126</b>



## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### iii) Fair value hierarchy

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

	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
March 31, 2023				
<b>Financial assets and liabilities measured at fair values</b>				
<b>Measured at fair value through other comprehensive income (FVOCI)</b>				
Foreign currency forward contracts	-	166	-	166
Cross currency interest rate swap	-	363	-	363
Investment in Tech4TH Solutions Inc.	-	-	1,296	1,296
<b>Total financial asset measured at fair value</b>	<b>-</b>	<b>529</b>	<b>1,296</b>	<b>1,825</b>
<b>Measured at fair value through other comprehensive income (FVOCI)</b>				
Foreign currency forward contracts	-	267	-	267
Cross currency interest rate swap	-	704	-	704
<b>Measured at fair value through statement of profit and loss (FVTPL)</b>				
Contingent consideration	-	-	4,233	4,233
<b>Total financial liabilities measured at fair value</b>	<b>-</b>	<b>971</b>	<b>4,233</b>	<b>5,204</b>

	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
March 31, 2022				
<b>Financial assets and liabilities measured at fair values</b>				
<b>Measured at fair value through other comprehensive income (FVOCI)</b>				
Foreign currency forward contracts	-	249	-	249
Investment in Tech4TH Solutions Inc.	-	-	762	762
<b>Measured at fair value through statement of profit and loss (FVTPL)</b>				
Investment in mutual funds	46,400	-	-	46,400
<b>Total financial asset measured at fair value</b>	<b>46,400</b>	<b>249</b>	<b>762</b>	<b>47,411</b>
<b>Measured at fair value through other comprehensive income (FVOCI)</b>				
Foreign currency forward contracts	-	60	-	60
<b>Measured at fair value through statement of profit and loss (FVTPL)</b>				
Contingent consideration	-	-	2,758	2,758
<b>Total financial liabilities measured at fair value</b>	<b>-</b>	<b>60</b>	<b>2,758</b>	<b>2,818</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### Notes:

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

- 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.
- The fair valuation of Investment in Tech4TH Solutions Inc. is determined on the reporting date by discounted cash flow method which requires management to make certain assumptions with regard to revenue growth rate, cash flows, discount rate, credit risk, volatility etc. The Group carries out the fair valuation on an annual basis.
- The Group has entered into foreign currency forward contract and Cross currency interest rate swap (CCIRS) to hedge the highly probable forecast transactions. The derivative financial instrument is entered with the financial institutions with investment grade ratings. Foreign exchange forward contracts and CCIRS 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.
- 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.
- The Group has value contingent consideration by using the monte carlo simulation approach.
- 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.

### iv) Valuation Inputs and relationship to fair value

	Level 3 inputs	Weighted range	Sensitivity
			March 31, 2023
Contingent consideration (Acquisition of SMI)	Standard deviation on revenue and EBIDTA growth	5%	Increase and decrease in standard deviation by 1% would decrease and increase contingent consideration by ₹ 96 lakhs and ₹ 10 lakhs respectively.
	Discount rate	7.34%	Increase and decrease in discount rate by 1% would decrease and increase contingent consideration by ₹ 36 lakhs and ₹ 35 lakhs respectively.
Contingent consideration (Acquisition of PGS Inc)	Discount rate	4.41%	Increase and decrease in discount rate by 1% would (decrease)/ increase contingent consideration by ₹ 17 lakhs .
Investment in Tech4TH	Discount rate	20%	Increase and decrease in discount rate by 1% would decrease and increase fair value by ₹ 117 lakhs and ₹ 133 lakhs respectively.
	Long term growth rate	3%	Increase and decrease in long term growth rate by 1% would increase and decrease fair value by ₹ 68 lakhs and ₹ 61 lakhs respectively.
	EBIDTA margin	5%- 20%	Increase and decrease in EBIDTA margin by 1% would increase/ (decrease) fair value by ₹ 92 lakhs.
	Revenue growth rate	20%- 51%	Increase and decrease in revenue growth rate by 5% would increase and decrease fair value by ₹ 191 lakhs and ₹ 171 lakhs respectively.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

	Level 3 inputs	Weighted range	Sensitivity
<b>March 31, 2023</b>			
Contingent consideration (Acquisition of PGS Inc.)	Standard deviation on revenue and EBIDTA growth	5%	Increase and decrease in standard deviation by 1% would decrease and increase contingent consideration by ₹ 131 lakhs and ₹ 170 lakhs respectively.
	Discount rate	3%	Increase and decrease in discount rate by 1% would decrease and increase contingent consideration by ₹ 38 lakhs and ₹ 39 lakhs respectively.

### v) Reconciliation of Contingent consideration measured at FVTPL

	March 31, 2023	March 31, 2022
<b>As at April 1</b>	<b>2,758</b>	<b>3,731</b>
Acquisition of subsidiary - refer note 44	2,562	-
Amount recognised in profit and loss statement - refer note 29 and 31	718	774
Settlement during the year	(2,034)	(1,861)
Foreign currency translation reserve	229	114
<b>As at March 31</b>	<b>4,233</b>	<b>2,758</b>

### Reconciliation of Investment in Tech4TH Solutions Inc. measured at FVOCI

	March 31, 2023	March 31, 2022
<b>As at April 1</b>	<b>762</b>	<b>-</b>
Investment during the period	827	762
Change in fair value recognised in other comprehensive income	(351)	-
Foreign currency translation reserve	58	-
<b>As at March 31</b>	<b>1,296</b>	<b>762</b>

## 36 Financial Risk Management

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

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

### A) 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.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### 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 and CCIRS governed by its board approved policy to mitigate its foreign currency risk that are expected to occur within the 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.

### a) The Group's exposure to non-derivative financial instruments in foreign currency at the end of reporting period :

Currency	Particulars	March 31, 2023		March 31, 2022	
		FC	₹	FC	₹
USD	<b>Financial assets</b>				
	Trade receivables	198	16,296	142	10,796
	Loans	32	2,627	30	2,277
	Other financial assets	106	8,683	87	6,602
	Bank accounts	39	3,198	46	3,506
	<b>Net exposure on foreign currency risk (assets)</b>	<b>375</b>	<b>30,804</b>	<b>305</b>	<b>23,181</b>
	<b>Financial liability</b>				
	Borrowings	282	23,163	252	19,092
	Trade payables	30	2,479	7	530
	Other financial liabilities	6	502	20	1,553
Other liabilities	5	378	9	667	
<b>Net exposure on foreign currency risk (liabilities)</b>	<b>323</b>	<b>26,522</b>	<b>288</b>	<b>21,842</b>	
<b>Net exposure on foreign currency risk (assets-liabilities)</b>	<b>52</b>	<b>4,282</b>	<b>17</b>	<b>1,339</b>	

Currency	Particulars	March 31, 2023		March 31, 2022	
		FC	₹	FC	₹
EURO	<b>Financial assets</b>				
	Trade receivables	10	859	7	627
	Other financial assets	7	588	6	543
	Bank accounts	5	468	10	838
	Other assets	*	3	-	-
	<b>Net exposure on foreign currency risk (assets)</b>	<b>22</b>	<b>1,918</b>	<b>23</b>	<b>2,008</b>
	<b>Financial liability</b>				
	Trade payables	*	*	1	52
	Other liabilities	1	63	*	13
	<b>Net exposure on foreign currency risk (liabilities)</b>	<b>1</b>	<b>63</b>	<b>1</b>	<b>65</b>
<b>Net exposure on foreign currency risk (assets-liabilities)</b>	<b>21</b>	<b>1,855</b>	<b>22</b>	<b>1,943</b>	

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

Currency	Particulars	March 31, 2023		March 31, 2022	
		FC	₹	FC	₹
GBP	<b>Financial assets</b>				
	Trade receivables	6	598	6	568
	Loans	-	-	*	7
	Other financial assets	3	354	5	452
	Bank accounts	2	208	4	422
	Other assets	*	16	-	-
	<b>Net exposure on foreign currency risk (assets)</b>	<b>11</b>	<b>1,176</b>	<b>15</b>	<b>1,449</b>
	<b>Financial liability</b>				
	Trade payables	2	162	-	-
	Other financial liabilities	2	212	4	360
	Other liabilities	1	112	1	121
	<b>Net exposure on foreign currency risk (liabilities)</b>	<b>5</b>	<b>486</b>	<b>5</b>	<b>481</b>
	<b>Net exposure on foreign currency risk (assets-liabilities)</b>	<b>6</b>	<b>690</b>	<b>10</b>	<b>968</b>

The Group enters into derivative financial instruments such as foreign currency forward contracts and Cross currency interest rate swaps to mitigate the risk of changes in exchange rates. Details of the derivative contracts held by the Group are included in Note 36(B).

\* Represents number below rounding off norms of the Company.

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

	Impact on profit before tax	
	March 31, 2023	March 31, 2022
<b>USD sensitivity</b>		
₹/ USD increases by 5%	214	67
₹/ USD decreases by 5%	(214)	(67)
<b>EURO sensitivity</b>		
₹/ EURO increases by 5%	93	97
₹/ EURO decreases by 5%	(93)	(97)
<b>GBP sensitivity</b>		
₹/ GBP increases by 5%	35	48
₹/ GBP decreases by 5%	(35)	(48)

\* 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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Redeemable Non-convertible debenture (NCD)s with floating interest rates. The Group was not exposed to interest rate risk as at March 31, 2022 since all its financial assets or liabilities were either non-interest bearing or are at fixed interest rate and are carried at amortised cost.

#### Sensitivity:

The impact of change in interest rate by +/- 50 basis point have an immaterial impact on the profit before tax of the Group. Hence, the sensitivity has not been disclosed.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### 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. The Group doesn't have any investment in mutual fund as at March 31, 2023.

#### 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, 2023	March 31, 2022
NAV increases by 5%	-	2,320
NAV decreases by 5%	-	(2,320)

Refer note 35 (iv) for sensitivity disclosure of investment in Tech4TH Solutions Inc.

### B) Impact of Hedge activities

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

	March 31, 2023					
	Maturity	Currency	Notional Amount (Foreign Currency)	Contracted amount in ₹	Line item in the balance sheet	Fair value* gain/(loss)
<b>Cash flow hedge of Foreign currency risk (for highly probable forecast transactions)</b>						
- Foreign currency forward contracts	< 1 year	₹/USD	520	43,094	Other financial assets/(liabilities)	(29)
- Foreign currency forward contracts	< 1 year	₹/EURO	25	2,209	Other financial assets/(liabilities)	(72)
- Cross currency interest rate swaps	< 1 year	₹/USD	9	713	Other financial assets/(liabilities)	(341)
	1-5 year	₹/USD	52	4,167	Other financial assets/(liabilities)	
	> 5year	₹/USD	90	7,150	Other financial assets/(liabilities)	

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

	March 31, 2022					
	Maturity	Currency	Notional Amount (Foreign Currency)	Contracted amount in ₹	Line item in the balance sheet	Fair value* gain/(loss)
<b>Cash flow hedge Foreign currency risk (for highly probable forecast transactions)</b>						
- Foreign currency forward contracts	< 1 year	₹/USD	505	38,970	Other financial assets/(liabilities)	154
- Foreign currency forward contracts	< 1 year	₹/EURO	9	811	Other financial assets/(liabilities)	35

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

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

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

	Foreign currency forward contracts	Cross currency interest rate swaps	Total
<b>Balance as at April 1, 2021</b>	<b>379</b>	<b>-</b>	<b>379</b>
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
<b>Balance as at March 31, 2022</b>	<b>143</b>	<b>-</b>	<b>143</b>
Hedge gain/(loss) recognised in Other Comprehensive Income (OCI)	(101)	(341)	(442)
Amount reclassified from OCI to statement of profit and loss	(190)	-	(190)
Income tax effect	73	86	159
<b>Balance as at March 31, 2023</b>	<b>(75)</b>	<b>(255)</b>	<b>(330)</b>

Amounts reclassified from the OCI is recognised in foreign exchange gain or loss in Statement of Profit and Loss.

### C) 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).

Revenue from one customer comprises around 13% of the total revenue of the Group. The remaining revenue of the Group is spread across wide range of customers. For receivables turnover ratio, refer note 45.

#### (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
<b>As at March 31, 2023</b>							
Trade receivables	14,955	6,420	389	307	14	15	<b>22,100</b>
Unbilled Revenue							<b>12,471</b>
Allowance for expected loss							<b>(1,060)</b>
<b>Net Trade receivables</b>	<b>14,955</b>	<b>6,420</b>	<b>389</b>	<b>307</b>	<b>14</b>	<b>15</b>	<b>33,511</b>
<b>As at March 31, 2022</b>							
Trade receivables	13,346	3,714	484	448	130	126	18,248
Unbilled Revenue							10,884
Allowance for expected loss							(1,730)
<b>Net Trade receivables</b>	<b>13,346</b>	<b>3,714</b>	<b>484</b>	<b>448</b>	<b>130</b>	<b>126</b>	<b>27,402</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

Reconciliation of loss allowance - trade receivables	March 31, 2023	March 31, 2022
Opening balance as at April, 1	(1,510)	(1,401)
Allowance made during the year (net) - refer note 30	59	(101)
Utilised/written-off during the year	709	-
Exchange difference	(39)	(8)
<b>Closing balance as at March, 31</b>	<b>(781)</b>	<b>(1,510)</b>

Reconciliation of loss allowance - unbilled revenue and other financial assets	March 31, 2023	March 31, 2022
Opening balance as at April, 1	(221)	(133)
Allowance made during the year - refer note 30	(59)	(88)
<b>Closing balance as at March, 31</b>	<b>(280)</b>	<b>(221)</b>

### (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.

### D) 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 is 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, 2023	March 31, 2022
RBL Bank Limited	105	2,233
Kotak Mahindra Bank Limited	241	725
HDFC Bank Limited	-	1,000
Federal Bank Limited	35	37
ICICI Bank Limited	1,139	2,234
Axis Bank Ltd	199	-
State Bank of India	7,881	-
	<b>9,600</b>	<b>6,229</b>

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.

	On demand	Less than 1 year	More than 1 year	Total
<b>As at March 31, 2023</b>				
Borrowings (including current maturities)	7,119	28,371	11,322	46,812
Lease liabilities	-	2,364	5,374	7,738
Trade payables	-	7,052	-	7,052
Foreign currency forward contracts	-	267	704	971
Contingent consideration	-	3,243	1,471	4,714
Other financial liabilities #	-	5,739	4,294	10,033
	<b>7,119</b>	<b>47,036</b>	<b>23,165</b>	<b>77,320</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

	On demand	Less than 1 year	More than 1 year	Total
<b>As at March 31, 2022</b>				
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
	-	<b>32,031</b>	<b>8,237</b>	<b>40,268</b>

# Includes future interest payable on outstanding borrowings.

### 37 Capital Management

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

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

	March 31, 2023	March 31, 2022
Borrowings (including current maturities)	46,755	19,064
Less : Cash and cash equivalents	(6,999)	(6,729)
<b>Net (cash and cash equivalents)/debt (A)</b>	<b>39,756</b>	<b>12,335</b>
Equity	83,882	66,580
<b>Total equity capital (B)</b>	<b>83,882</b>	<b>66,580</b>
<b>Total debt and equity (C)=(A)+(B)</b>	<b>1,23,638</b>	<b>78,915</b>
<b>Gearing ratio (A)/(C)</b>	<b>32%</b>	<b>16%</b>

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023 and March 31, 2022.

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

### 38 Related Party Disclosure

#### (i) List of related parties and relationship

<b>Key management personnel (KMP)</b>	1. Mr. Ashok Soota (Executive Chairman)
	2. Mr. Venkatraman Narayanan (Managing Director and CFO)
	3. Mr. Joseph Vinod Anantharaju (Director)
	4. Mr. Praveen Darshankar (Company Secretary)
	5. Mrs. Anita Ramachandran (Independent director)
	6. Mr. Rajendra Kumar Srivastava (Independent director)
	7. Mrs. Shuba Rao Mayya (Independent director)
<b>Relatives of KMP</b>	1. Mr. Suresh Soota
	2. Mr. Deepak Soota
	3. Ms. Kunku Soota
	4. Mrs. Usha Samuel
	5. Mrs. Jayalakshmi Venkatraman
<b>Entities under the control of KMP</b>	SKAN Research Trust
	Happiest Health Systems Private Limited
	Ashok Soota Medical Research LLP
	Ashok Soota Medical Research LLP
<b>Post employment benefit plan (PEBP)</b>	Happiest Minds Technologies Ltd. Employees group gratuity trust

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

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

	March 31, 2023	March 31, 2022
<b>(i) Sale of service</b>		
SKAN Research Trust	296	7
Ashok Soota Medical Research LLP	42	5
Happiest Health Systems Private Limited	811	68
<b>(ii) Director's sitting fees:</b>		
Mrs. Anita Ramachandran	16	22
Mr. Rajendra Kumar Srivastava	9	11
Mrs. Shuba Rao Mayya	18	21
<b>(iii) Commission to directors</b>		
Mrs. Anita Ramachandran	9	3
Mr. Rajendra Kumar Srivastava	21	19
Mrs. Shuba Rao Mayya	7	4
<b>(iii) Contribution made to post employee benefit plan:</b>		
Happiest Minds Technologies Ltd. Employees group gratuity trust	355	650
<b>(iv) Managerial remuneration# :</b>		
Mr. Venkatraman Narayanan		
Salary, wages and bonus	134	120
Employee stock compensation expense	3	5
Mr. Ashok Soota		
Salary, wages and bonus	128	115
Mr. Praveen Darshankar		
Salary, wages and bonus	55	46
Employee stock compensation expense	*	1
Mr. Joseph Vinod Anantharaju		
Salary, wages and bonus	389	330
Employee stock compensation expense	4	8
#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.		
* amount below rounding off norm of the Group		
<b>(v) Reimbursement of expenses received:</b>		
SKAN Research Trust	*	3
Happiest Health Systems Private Limited	*	3
<b>(vi) Dividend paid</b>		
Mr. Joseph Vinod Anantharaju	17	20
Mr. Ashok Soota	2,403	2,853
Mr. Venkatraman Narayanan	20	24
Ashok Soota Medical Research LLP	718	853
Deepak Soota	2	2
Suresh Soota	1	1
Kunku Soota	1	2
Usha Samuel	3	4
Jayalakshmi Venkatraman	5	16
Praveen Kumar Darshankar	2	3

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

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

	March 31, 2023	March 31, 2022
<b>(i) Trade receivables:</b>		
SKAN Research Trust	162	6
Happiest Health Systems Private Limited	101	-
Ashok Soota Medical Research LLP	5	-
<b>(ii) Unbilled receivables:</b>		
Happiest Health Systems Private Limited	45	67
Ashok Soota Medical Research LLP	26	-
SKAN Research Trust	*	-
<b>(iii) Trade Payables</b>		
Mrs. Anita Ramachandran	9	3
Mr. Rajendra Kumar Srivastava	21	19
Mrs. Shuba Rao Mayya	7	4

\* amount below rounding off norm of the Group.

### Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2023, 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.

## 39 Corporate Social Responsibility ('CSR') Expenditure

### Details of CSR expenditure are as follows:

	March 31, 2023	March 31, 2022
(a) Gross amount required to be spent by the Group during the year	322	205
(b) Amount approved by the board to be spent during the year	336	215
(c) Amount spent during the year ending on March 31, 2023 :	<b>In cash</b>	<b>Yet to be paid in cash</b>
i) Construction/ Acquisition of any asset	-	-
ii) On purpose other than above	336	-
(d) Amount spent during the year ending on March 31, 2022 :	<b>In cash</b>	<b>Yet to be paid in cash</b>
i) Construction/ Acquisition of any asset	-	-
ii) On purpose other than above	215	-
(e) Details related to spent/ unspent obligations:		
i) Contribution to Public Trust	-	-
ii) Contribution to Charitable Trust	336	215
ii) Unspent amount in relation to:		
- Ongoing project	-	-
- Other than ongoing project	-	-
	<b>336</b>	<b>215</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### Details of Ongoing Project and other than Ongoing Project

In case of S. 135(6) (Ongoing Project)						
Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing balance	
With Company	In Separate CSR unspent A/c		From Company's bank A/c	From separate CSR unspent A/c	With Company	In separate CSR unspent A/c
-	-	-	-	-	-	-
In case of S. 135(5) (Other than ongoing Project)						
Opening balance	Amount deposited in specified fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing balance		
-	-	322	336	-		
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			
(21)	322	336	(35)			

## 40 Interest in Other Entities

### a) Subsidiary

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

Name of entity	Principle activity	Country of Incorporation	Ownership interest held by the group %	Ownership interest held by the group %
			March 31, 2023	March 31, 2022
Happiest Minds Inc. (formerly known as PGS Inc.)	IT Services	USA	100	100
Sri Mookambika Infosolutions Private Limited <sup>#</sup>	IT Services	India	100	Nil

<sup>#</sup> Refer note 44

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

	March 31, 2023							
	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
<b>Parent company</b>								
Happiest Minds Technologies Ltd	98.5%	82,598	93.7%	21,637	162.2%	(566)	92.6%	21,071
<b>Subsidiary</b>								
Happiest Minds Inc. (formerly known as PGS Inc.)	(2.2%)	(1,836)	8.3%	1,926	79.4%	(277)	7.2%	1,649
Sri Mookambika Infosolutions Private Limited	3.0%	2,492	1.8%	405	6.6%	(23)	1.7%	382
Other adjustments:	0.7%	628	(3.8%)	(869)	(148.1%)	517	(1.5%)	(352)
<b>Total</b>	<b>100%</b>	<b>83,882</b>	<b>100%</b>	<b>23,099</b>	<b>100%</b>	<b>(349)</b>	<b>100%</b>	<b>22,750</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

	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
<b>Parent company</b>								
Happiest Minds Technologies Ltd	100.6%	66,974	102.9%	18,648	288.8%	(309)	101.8%	18,339
<b>Subsidiary</b>								
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)
<b>Total</b>	<b>100%</b>	<b>66,580</b>	<b>100%</b>	<b>18,120</b>	<b>100%</b>	<b>(107)</b>	<b>100%</b>	<b>18,013</b>

## 41 Commitments and Contingent Liabilities

### i) Capital Commitments

	March 31, 2023	March 31, 2022
Capital commitments towards purchase of capital assets	904	638

### ii) Other claims against the Company not provided for in the books

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

## 42 Segment Information

### A. Description of segments and principal activities

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

#### i) Infrastructure Management & Security Services (IMSS):

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

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### 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, 2023	IMSS	DBS	PES	Total
<b>Revenue from contracts with customers</b>				
External customers	30,694	43,070	69,165	1,42,929
Inter-segment	-	-	-	-
<b>Segment revenue</b>	<b>30,694</b>	<b>43,070</b>	<b>69,165</b>	<b>1,42,929</b>
<b>Segment results</b>	<b>9,243</b>	<b>13,089</b>	<b>28,113</b>	<b>50,445</b>
<b>Reconciliation to profit after tax:</b>				
Interest income				2,610
Net gain on investments carried at fair value through profit or loss				803
Other unallocable income				(1,302)
Unallocable finance cost				(2,102)
Unallocable depreciation and amortisation expenses				(4,191)
Other unallocable expenses				(15,277)
Tax				(7,887)
<b>Profit for the year</b>				<b>23,099</b>
<b>Segment assets</b>	<b>6,420</b>	<b>19,590</b>	<b>34,452</b>	<b>60,462</b>
<b>Reconciliation to total assets:</b>				
Investments				1,296
Derivative instruments				529
Other unallocable assets				1,01,796
<b>Total</b>				<b>1,64,083</b>
<b>Segment liability</b>	<b>965</b>	<b>6,560</b>	<b>8,775</b>	<b>16,300</b>
<b>Reconciliation to total liabilities:</b>				
Borrowings				44,885
Other unallocable liabilities				19,016
<b>Total</b>				<b>80,201</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

Year ended March 31, 2022	IMSS	DBS	PES	Total
<b>Revenue from contracts with customers</b>				
External customers	24,168	32,887	52,310	1,09,365
Inter-segment	-	-	-	-
<b>Segment revenue</b>	<b>24,168</b>	<b>32,887</b>	<b>52,310</b>	<b>1,09,365</b>
<b>Segment results</b>	<b>5,917</b>	<b>8,789</b>	<b>20,693</b>	<b>35,399</b>
<b>Reconciliation to profit after tax:</b>				
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 cost				(3,288)
Other unallocable expenses				(10,241)
Tax				(6,465)
<b>Profit for the year</b>				<b>18,120</b>
<b>Segment assets</b>	<b>7,202</b>	<b>19,140</b>	<b>12,632</b>	<b>38,974</b>
<b>Reconciliation to total assets:</b>				
Investments				47,162
Derivative instruments				249
Other unallocable assets				26,116
<b>Total</b>				<b>1,12,501</b>
<b>Segment liability</b>	<b>1,234</b>	<b>9,144</b>	<b>1,884</b>	<b>12,262</b>
<b>Reconciliation to total liabilities:</b>				
Borrowings				19,064
Other unallocable liabilities				14,595
<b>Total</b>				<b>45,921</b>

### 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.

### 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, 2023	March 31, 2022
India	22,982	20,594
USA	97,251	71,141
Europe	13,811	11,332
Others	8,885	6,298
	<b>1,42,929</b>	<b>1,09,365</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

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

	For the year ended	
	March 31, 2023	March 31, 2022
India	34,143	6,382
USA	9,278	9,412
UK	4	1
	<b>43,425</b>	<b>15,795</b>

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

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

	For the year ended	
	March 31, 2023	March 31, 2022
One customer	13.05%	12.97%

## 43 Share Based Payments

### Employee Share Option Plan (ESOP)

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

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

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

Key Terms	ESOP 2011	ESOP 2014 / EIP 2011 for US Employees	ESOP 2015 / EIP 2011 for US Employees	ESOP 2020
Class of Share	Equity Shares (as amended vide board meeting held on April 26, 2017 and Annual general meeting held on July 31, 2017).	Pursuant to conversion of Class B Non-voting Equity Shares (entitled under ESOP 2014) to Equity shares (as amended vide board meeting held on April 26, 2017 and Annual general meeting held on July 31, 2017), the Board of Directors at its meeting held on October 25, 2017 approved the administration of options granted and shares allotted under erstwhile ESOP 2014 to ESOP 2011.	Equity Shares (as amended vide board meeting held on April 26, 2017 and Annual general meeting held on July 31, 2017).	Equity Shares (as amended vide board meeting held on April 29, 2020 and extra ordinary general meeting held on May 13, 2020).



## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

Key Terms	ESOP 2011	ESOP 2014 / EIP 2011 for US Employees	ESOP 2015 / EIP 2011 for US Employees	ESOP 2020
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.			
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 as duly approved by the shareholders at the meeting held on July 31, 2017.			
			<b>For the year ended</b>	
			<b>March 31, 2023</b>	<b>March 31, 2022</b>
Employee stock compensation expense			120	300

### Movements during the year

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

#### March 31, 2023

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	88,668	6.28	27,58,707	25.85
Granted during the year	-	-	-	-
Exercised during the year	(7,486)	5.84	(5,98,344)	25.82
Forfeited during the year	(81,182)	6.32	(1,67,730)	24.77
Outstanding options as at the end of the year	-	-	19,92,633	25.95
Weighted Average Remaining Contractual Life	-	-	3.77 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	16,000	6.00	29,830	26.00
Granted during the year	-	-	-	-
Exercised during the year	(6,000)	6.00	(10,355)	26.00
Forfeited during the year	(10,000)	6.00	-	-
Outstanding options as at the end of the year	-	-	19,475	26.00
Weighted Average Remaining Contractual Life	-	-	2.74 years	-

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

#### 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	-

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	-

\* Weighted Average Exercise Price

No options were granted during the year (March 31, 2022 - Nil)

The weighted average share price of shares exercised during the year is ₹ 944.91 (March 31, 2022 - ₹ 963.88)

Exercisable options as at March 31, 2023 - 12,17,785 options (March 31, 2022 - 8,47,466 options) and weighted average exercise price - ₹ 25.91 (March 31, 2022 - ₹ 22.92).

## 44 Business Acquisitions

### Acquisition during the year ended March 31, 2023

On January 1, 2023, the Group obtained operational and management control of Sri Mookambika Infosolutions Private Limited ('SMI'), a Madurai based Company which provides product engineering services to its US customers primarily in the healthcare sector, through a Control Agreement. This was followed by execution of the share purchase agreement on January 25, 2023 with the transfer of shares and payment of cash consideration on February 6, 2023. The Group acquired 100% equity in SMI for total consideration of ₹ 13,694 lakhs, comprising cash consideration of ₹ 11,132 lakhs and fair-value of contingent consideration of ₹ 2,562 lakhs which is indexed to revenue and EBITDA margins over a period of 2 years from the date of acquisition. As a result of this acquisition the Group recorded goodwill of ₹ 5,404 lakhs and other intangible assets of ₹ 8,259 lakhs.

The Group has consolidated SMI w.e.f January 1, 2023.

The objective of the acquisition is to bring in deep domain capabilities in the healthcare sector and therefore is expected to strengthen Group's health care vertical

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

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

### Details of Fair value recognised on acquisition:

	Amount
Property, plant and equipment	174
Intangible assets	8,259
Trade receivables	869
Cash and cash equivalent	6
Bank and bank balances	1,243
Other Financial assets	65
Loans	1,024
Other assets	86
Provisions for gratuity	(256)
Other Provisions	(36)
Borrowings	(104)
Other Financial liabilities	(929)
Other current liabilities	(194)
Trade payables	(14)
Deferred tax liability on intangible assets	(1,903)
<b>Total fair value of net assets acquired (A)</b>	<b>8,290</b>
<b>Fair value of purchase consideration (B)</b>	<b>13,694</b>
<b>Goodwill arising on acquisition (C)- (A-B)</b>	<b>5,404</b>

The goodwill of ₹ 5,404 lakhs represents the skilled workforce, domain capabilities and expected synergies arising from expanding the Group's service to other health care customers. Goodwill is allocated to PES segment and is not deductible for tax purpose. Refer note 4

Purchase consideration	Amount
Cash consideration	11,132
Fair value of contingent consideration	2,562
<b>Total purchase consideration</b>	<b>13,694</b>

Transaction costs amounting to ₹ 16 lakhs relating to the acquisition have been expensed and are included in other expenses.

### Revenue and profit contribution:

The acquired business contributed revenues of ₹ 2,053 lakhs and net profit after tax of ₹ 235 lakhs to the Group post acquisition.

If the acquisition had occurred on April 1, 2022, consolidated revenue would have been ₹ 149,773 lakhs and net profit after tax of ₹ 22,792 lakhs respectively for the year ended March 31, 2023. These amounts have been calculated using the subsidiary's financial statements and adjusting them for:

- differences in the accounting policies between the Group and the subsidiary, and
- 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, 2022, together with the consequential tax effects.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

### 45 Ratio Analysis and its Elements

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% Change	
Current ratio	Current Assets	Current Liabilities	1.86	2.53	-26%	Increase in short term borrowings as at March 31, 2023
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.64	0.38	68%	Impact of increase in outstanding borrowings for the year ended March 31, 2023
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments (excludes repayments for Packing credit foreign currency loan)	4.39	4.89	-10%	
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	0.31	0.30	3%	
Trade Receivable Turnover Ratio	Net revenue	Average Trade Receivable	7.51	7.56	-1%	
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	4.02	4.02	0%	
Net Capital Turnover Ratio	Net revenue	Working capital = Current assets – Current liabilities	2.88	1.95	48%	Higher net revenue and lower working capital for the year ended March 31, 2023.
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	0.16	0.17	-6%	
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax liability	0.29	0.31	-6%	
Return on Investment	Interest (Finance Income) and gain from mutual funds	Investments (includes mutual funds, investment in Tech4TH Solutions Inc. and fixed deposits)	0.05	0.04	25%	Reshuffling of investment from mutual funds to fixed deposits resulting in higher yield

**46** The Board of Directors of the Parent at their meeting held on May 8, 2023 recommended the payout of a final dividend of ₹ 3.4/- per equity share of face value ₹ 2/- each for the financial year ended March 31, 2023. This recommendation is subject to approval of shareholders at the 12th Annual General Meeting of the Group scheduled to be held on July 17, 2023.

**47** Rules in relation to 'The Code on Social Security, 2020 ('Code')' yet to be 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.

**48** 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 2022 - 2023 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.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

**49** 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

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

**Vikas Bagaria**  
Partner  
Membership no.: 060408  
Place: Bengaluru, India  
Date: May 08, 2023

**Ashok Soota**  
Executive Chairman  
DIN : 00145962  
Place: Bengaluru, India  
Date: May 08, 2023

**Venkatraman Narayanan**  
Managing Director & Chief  
Financial Officer  
DIN : 01856347  
Place: Bengaluru, India  
Date: May 08, 2023

**Praveen Darshankar**  
Company Secretary  
FCS No.: F6706  
Place: Bengaluru, India  
Date: May 08, 2023