happiest minds
The Mindful IT Company
Born Digital . Born Agile

EXPLORING NEW HORIZONS WITH GENERATIVE AI

HAPPIEST MINDS
INTEGRATED ANNUAL REPORT
2024

EXPLORING NEW HORIZONS WITH GENERATIVE AI

Our cover, depicting a futuristic cityscape intertwined with verdant flora, symbolizes the synergy of Generative AI with other business verticals. The radiant orb of light, a metaphor for Generative AI, illuminates untrodden paths, guiding our journey toward innovative frontiers.

Generative AI stands at the convergence of creativity and computation, reshaping the limits of machine capabilities. It surpasses conventional tool status, evolving into a collaborator that advances us towards technological synergy with nature. This year, we explore the profound impacts of Generative AI, a transformative force reshaping industries and envisioning new possibilities.

The integration of Generative AI has synergized with other business verticals within the Happiest Minds ecosystem, enhancing overall performance. Additionally, positioning this segment as a standalone business unit will bolster our value proposition and elevate our status as the preferred technology partner for our customers. As we embrace this digital renaissance, we embark on an exploration of new horizons—the transformative potential of Generative AI.

At the forefront of innovation, embodying our aspirations and resonating with our core principles, our pursuit of **Exploring New Horizons with Generative AI** has led us into a disruptive technological landscape.

Stories Inside...

Forward-looking Statements

Certain statements in this Report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations. Forward-looking statements can be identified by words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance.

Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realized and as such, are not intended to be a guarantee of future results, but constitute our current expectations based on reasonable assumptions. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. We neither assume any obligation nor intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Get this report online at:
https:// www.happiestminds.com/investors/

About the Report

Forward-looking Statements

Within this Report, some statements may constitute forward-looking statements concerning our business operations. Distinguishing themselves from historical facts, these statements encompass discussions on our financial position, business strategy, and future operational objectives. Recognizable by terms such as 'believes', 'estimates', 'intends', 'anticipates', 'expects', 'may', 'will', 'plans', 'outlook', and similar expressions, these forward-looking statements rely on assumptions, data, or methodologies that could prove inaccurate or imprecise.

While these statements do not guarantee future outcomes, they do reflect our current expectations grounded in reasonable assumptions. Nevertheless, actual results might materially differ from the projections due to diverse events, risks, uncertainties, and other factors. We do not undertake any obligation to update or revise these forward-looking statements, regardless of new information or future events.

Basis of Reporting

The Integrated Annual Report 2023-24 is Happiest Minds' third integrated report based on the guiding principles of the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework. In this report, we have adopted a multi-capital approach, leveraging six distinct yet interconnected forms of capital – Financial, Manufactured, Human, Intellectual, Social & Relationship, and Natural Capital. This comprehensive framework allows us to provide a holistic account of our value creation journey, offering stakeholders a nuanced understanding of how we generate and sustain value across various dimensions of our operations and impact. We also gather data concerning our significant concerns regarding materials, the external operational surroundings, governance approaches, and our strategy for optimizing value generation in the future. Furthermore, we have included a specialized section on Environmental, Social, and Governance (ESG) matters, encompassing our sustainability initiatives. This report offers comprehensive and pertinent information regarding our financial and non-financial accomplishments and future prospects to stakeholders, enabling them to make well-informed decisions regarding their involvement with us.

Reporting Principle

This Report has been diligently crafted in alignment with the Companies Act, 2013 (and its associated Rules), the Indian Accounting Standards, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Secretarial Standards, and with due consideration of the GRI Standards. The non-financial segment of the report has been meticulously developed, adhering to the guiding principles and content elements outlined in the framework.

Boundary and Scope of Reporting

The Report covers financial and non-financial information and activities of Happiest Minds Technologies Limited (Happiest Minds) and its subsidiary Happiest Minds Inc. and Sri Mookambika Infosolutions for the period from April 1, 2023, to March 31, 2024.

UN Sustainable Development Goals (SDGs)

Many of our activities are aligned with the UN Sustainable Development Goals (SDGs). Across the Report, we have mapped the UN SDGs that we contribute to, with the activities undertaken.

Capitals

Financial

Our goal is to allocate resources judiciously, fostering sustainable long-term value creation and maximizing returns for our stakeholders, while supporting the strategic growth of our operations.

Manufactured

This signifies the tangible capital that enables us to deliver streamlined and impactful information technology solutions, supporting our business endeavors and driving the execution of our operational strategy, all, while fostering the creation of value for our shareholders.

Intellectual

This represents the collective knowledge of the organization, which enables us to deliver efficient client solutions and establish a robust risk management framework through investments in human skills and strategic partnerships.

Human

Our team's effectiveness is bolstered by the diverse competencies, extensive experience, and high proficiency of our talented members. Our strategic focus on well-being, engagement, skill development, diversity, and inclusion ensures that each member can fully apply their unique talents towards achieving our organizational objectives.

Social and Relationship

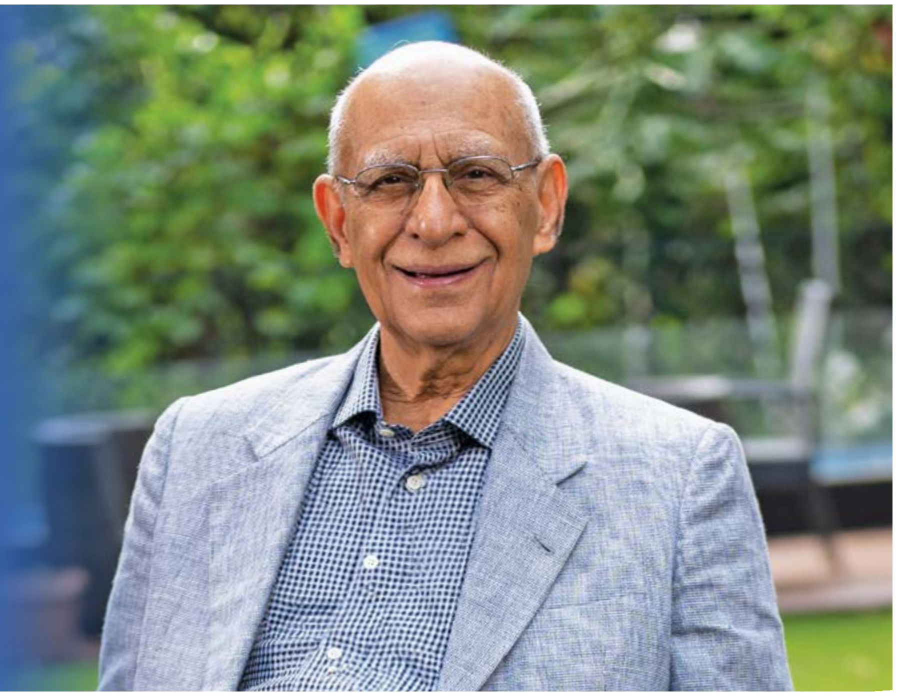
We leverage key stakeholder relationships founded on shared values, integrating them as an integral component of our business decision-making process. We consistently foster engagement with them and proactively respond to their needs through targeted actions.

Natural

We are firmly committed to advancing the transition to a low-carbon economy and mitigating our environmental impact. Our aim is to cultivate resilient businesses that adhere to sustainability principles, promoting long-term viability.

Chairman's Letter

Looking ahead, we are excited about the future, driven by the transformational changes implemented in FY 2023-24 and acquisitions closed in the early days of FY 2024-25.



Dear Stakeholders,

In FY 2023-24, your Company achieved industry-leading revenue growth of 11% in constant currency and surpassed our EBITDA guidance for sixteen consecutive quarters, achieving an EBITDA margin of 24.6%. This outstanding performance reflects the success of Happiest Minds. Looking ahead, we are excited about the future, driven by the transformational changes implemented in FY 2023-24 and recent acquisitions closed in the early days of FY 2024-25. These strategic moves position us confidently to pursue our Vision of reaching US$1 billion in revenue by 2031. When we announced this goal in September 2021, we aimed for a 25.3% CAGR. We now envision a CAGR of 22% by the end of FY 2024-25 which will propel us towards this target.

The transformational changes mentioned above are designed to accelerate future growth for Happiest Minds, and include the following:

- Established a dedicated business unit focused on Generative AI – Generative AI Business Services (GBS)
- Created a new vertical organizational structure comprising six Industry Groups (IG)
- Integrated Product Engineering Services (PES) and Digital Business Services (DBS) into a single business unit – Product and Digital Engineering Services (PDES)
- Acquired three strategic assets – PureSoftware, Aureus Tech Systems, and Macmillan Learning India

Our FY 2023-24 Integrated Annual Report, themed 'Exploring New Horizons with Generative AI', reflects a profound era of change. Generative AI transcends its conventional role by seamlessly integrating nature and technology, revolutionizing industries, and inspiring imaginative exploration. Our cover visually portrays this unity, leading us towards new horizons. Embracing this digital renaissance, our report underscores Generative AI's limitless potential, leading to a future where technology enhances human potential and sustains our connection with nature.

The Generative AI Business Services (GBS), under the leadership of Sridhar Mantha (President & CEO), is generating numerous new business opportunities. We currently serve 14 active customers across various industries, spanning 20 projects. These opportunities include contextual chatbots, learning simulators, contract management, sentiment analysis, and content generation. Leveraging insights from these engagements, we are developing replicable solutions across industry and technology streams. Our growth plan includes training all our engineers in Generative AI. The GBS Business Unit currently comprises 70 members and is projected to expand to 250 by the end of FY 2024-25.

The six new Industry Groups (IGs) are: Banking, Financial Services & Insurance; EdTech; Healthcare & Life Sciences; Hi-Tech and Media & Entertainment; Industrial, Manufacturing, Energy & Utilities; Retail, CPG & Logistics. Each IG operates as an independent profit center, led by experienced industry managers, and is staffed with dedicated teams possessing deep domain expertise, enabling customized solutions and rapid response times.

The Executive Board has successfully facilitated the realization of three significant acquisitions, each strategically aligned to enhance organizational productivity and profitability. We exercised careful selection in completing these acquisitions, and the wait has proven worthwhile as we acquired complementary and valuable assets. Together, these three acquisitions have added over 1,400 professionals to Happiest Minds, further strengthening our key IGs in BFSI, Healthcare, and EdTech.

PureSoftware brings with it an award-winning Banking-as-a-Service Platform, namely 'Arttha'. This acquisition also provides Happiest Minds with a near-shore presence in Mexico and establishes offices in Singapore, Malaysia, and Africa. The acquisition of US-based cloud-native digital transformation company Aureus Tech Systems includes a new development center in Hyderabad. Aureus, a Microsoft-certified Gold & Co-sell Partner, specializes in providing domain and industry expertise-led solutions, primarily to customers in the Insurance/Re-insurance and Healthcare space.

Additionally, we have developed a unique Bioinformatics capability at Happiest Minds. This team comprises experts in Molecular Biology, Data Scientists, Data Engineers, and Healthcare Domain Specialists. They are collaborating closely with the medical research community from prestigious institutions in India and abroad. The team's focus includes utilizing Metagenomics for Gut Microbiome analysis, anomaly detection in MRI/CAT scan images, and conducting large cohort research studies to identify early predictions related to stroke, cardiovascular diseases, among others.

Joseph Anantharaju, Executive Vice Chairman, who has been instrumental in the consistent success of the Product Engineering Services Business Unit (BU) since its inception, has now assumed responsibility for the integrated Product and Digital Engineering Services (PDES). The Business Unit remains committed to focusing on and investing in cutting-edge digital technologies and engineering skills.

Under the leadership of Aurobinda Nanda (President & COO-PDES) and Executive Board support led by Venkatraman Narayanan (MD & CFO), your Company's ESG-focused approach has gained recognition. We are proud to be listed as 'ESG Champions of India 2024' by Dun & Bradstreet. Happiest Minds places sustainability at the forefront of its strategy, striving for accelerated progress in ESG realms. A significant portion of our CSR budget is dedicated to supporting environmental causes, including nature-based solution, with the goal of becoming 'Carbon-neutral' by 2030.

Among our initiatives geared towards environmental sustainability and energy conservation, we have implemented the following:

- A rooftop solar plant at our Bengaluru offices, which currently accounts for 10% of our green energy usage. We aim to transition to being entirely powered by green energy before 2030
- Contribution to the One Billion Drop Project, which involves building 100 percolation wells in 2024, leading to the conservation of 1,28,10,000 liters of rainwater in Bengaluru
- The implementation of sensor-based water taps to reduce water consumption, along with a commitment to 100% recycling of wastewater for use in our washrooms and for watering plants

Rooted in mindfulness, our culture emphasizes both 'being mindful' and 'doing mindful'. Central to our identity are our SMILES values, seamlessly integrated into our day-to-day operations. Embracing our mission, 'Happiest People . Happiest Customers', we prioritize the well-being and professional development of our team members, ensuring ample opportunities for skills enhancement and career progression within our organization.

We are delighted to be recognized by the Great Place to Work® Institute (GPTW) for the exceptional caliber of our team and our innovative solutions, receiving the following accolades in 2023:

- Top 50 India's Best Workplaces™ in IT & IT-BPM
- Top 50 India's Best Workplaces™ for Building a Culture of Innovation
- Top 50 India's Best Workplaces™ for Women (three times in a row)
- Top 50 India's Best Workplaces™ in Health and Wellness

In addition, we have received other notable awards that serve as a testament to our inclusive culture and proactive initiatives, including:

- 100 Best Companies for Women in India 2023 by Avtar and Seramount
- Ranked #2 in Top 30 Future-Ready Workplaces 2024 by Fortune India

I extend my sincere appreciation to our customers for their continued trust and confidence in Happiest Minds, as well as to our delivery teams for consistently delivering customer happiness. I also want to thank all our support teams whose efforts have contributed to these achievements. My gratitude goes to our Board of Directors, shareholders, and all stakeholders for their supportive guidance in creating an organization designed for perpetuity, as articulated in our Vision 2031.

Let me conclude by wishing you all good health, success and happiness.

With warm regards,

Ashok Soota

Executive Chairman

Executive Board's Letter

Joseph Anantharaju
Executive Vice Chairman & CEO - Product & Digital Engineering Services (PDES)

Rajiv Shah
President & Executive Board Member

Ram Mohan C
President & CEO - Infrastructure Management and Security Services (IMSS)

Venkatraman Narayanan
Managing Director & CFO

Dear Stakeholders,

We hope you are doing well and keeping safe.

Reflecting on the year that passed, in the face of a difficult macro environment, our accomplishments reflect the effectiveness of your Company's business strategy and our commitment to outperform. We continued to deliver value to our customers, shareholders, Happiest Minds and all other stakeholders. We continue to build your Company's business with rigor and discipline. We continue to build our systems to strengthen the already strong ethical and governance framework focused on building an organization for sustainable growth and success.

FY 2023-24 was characterized by continuous improvement, marked by the establishment of a new business unit – Generative AI Business Services and also the creation of Industry groups as independent business towers with their own leaders and business performance indices. These changes are investments required to grow, keep all our Happiest Minds engaged, involved and also stay relevant in the face of changing customer needs, technology and competitor landscape.

We are happy to report excellent results for the year that passed. We have performed well against expectations and also on all indices.

- Total revenues for the year was ₹1,62,466 Lakhs (US$196.1 million), showcasing a y-o-y growth of 10.3%. Operating revenues grew 11% in constant currency
- Over the last three years, our revenues have grown at a compounded annual growth rate (CAGR) of about 23%
- While we continue to lead the industry in terms of our growth metrics, we continue to return very healthy metrics as well. Our vision is 'profitable growth'. For the year, our Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') was ₹42,122 Lakhs, showing a y-o-y growth of 10.9%

We raised additional capital through a successful Qualified Institutional Placement (QIP) Program, raising about ₹500 crores, followed by an equally successful debenture placement program for another ₹125 cores. These successful issues were to raise growth capital while also getting on board many more investors into the Happiest Minds family.

In FY 2023-24, our focus on growth without wavering from the profit and shareholder focus has guided our initiatives towards the future. Some of the key steps we have taken:

Technological Advancements: The launch of our Generative AI initiative marks the beginning of an innovative journey that blends technology with creativity to drive innovation. This initiative pushes the boundaries of technology and aims to scale human potential.

Vertical Integration: We have undergone a significant transformation through verticalization, restructuring our organizational framework to enhance sales effectiveness and accelerate growth. By establishing six new Industry Groups (IGs) – Banking, Financial Services & Insurance (BFSI); EdTech; Healthcare & Life Sciences; Hi-Tech and Media & Entertainment; Industrial, Manufacturing, Energy & Utilities; and Retail, CPG & Logistics, we are enhancing our agility. Each IG features teams with deep domain expertise, offering tailored solutions and rapid response times. This fosters innovation, increases customer satisfaction, and ensures sustainable growth.

Expanding Services: As a community dedicated to shaping a brighter, more connected future, we have forged strategic partnerships over the past financial year. Collaborations with Soroco, Secureworks, Pimcore, NielsenIQ Brandbank, Spinnaker, and ENERCON have allowed us to redefine 'The Future of Work with AI' deliver Next-Gen XDR services, spearhead superior digitization projects, solve product data and counter shopper experience challenges, handle complex managed services, and drive sustainable wind energy solutions.

Acquisitions and Reach: Recent acquisitions of PureSoftware and Aureus Tech have significantly expanded our capabilities, size, scale and footprint in strategic markets. PureSoftware has provided us with near-shore capabilities in Mexico and expanded our operations to Singapore, Malaysia, and Africa. Aureus has enriched our resources with a development center in Hyderabad. Work on these acquisitions were done during the year with a closing in FY 2024-25.

During the year, we welcomed over 2,514 new members to the Happiest Minds team, with more than 249 joining us from various campuses. Our learning platforms facilitated over 1,44,124 hours of training, averaging 33 hours per Happiest Mind. We offer structured career acceleration and upskilling programs to our people. By the year's end, we had trained over 4,917 Happiest Minds, with 27.7% of them being women. We are dedicated to building a diverse team and empowering women in leadership roles.

Your Company thrives on mindfulness, agility, and digital innovation, with a strong emphasis on people. We support our employees' well-being and growth, celebrate their contributions, and foster an inclusive, collaborative environment. As a tech-driven entity, we are committed to continuous learning and innovation, guided by our values of empathy, integrity, and innovation. Our culture promotes open communication, transparency, and a collective pursuit of excellence, aiming to deliver impactful solutions for our clients and the community.

We are proud recipients of several awards for our commitment to excellence in corporate governance, including:

- Gold award for our 2023 Integrated Annual Report from the League of American Communication Professionals (LACP)
- IBM THINK Partner Excellence Award 2023 at the APAC IBM Partner Plus Awards
- Recognition as inspiring firms in AI & Analytics at the 3AI Zenith Awards 2023
- Gold award for Integrated Annual Report 2022 at the SAFA Best Presented Annual Report Awards
- Best Tech for Security Award at the IDEA Awards
- Digital Transformation of the Year at IReC 2023

Our commitment to environmental stewardship, social responsibility, and sound governance remains at the core of our ethos. We channel our efforts through CSR funds and our balance sheet, ensuring our impact extends beyond profit margins.

We sincerely appreciate your continued support and encouragement as we navigate the exciting times ahead.

With warm regards,

Happiest Minds' Executive Board

10 — 25

HAPPIEST MINDS : DELIVER EXCELLENCE

ABOUT HAPPIEST MINDS

Leading Transition to a Digital and Sustainable World

Happiest Minds is a Product & Digital Engineering, Generative AI, and Infrastructure Management & Security Services Company.

We provide comprehensive digital solutions to major global corporations, empowering them to gain a competitive edge and remain at the forefront of innovation. Our approach is centered on designing and architecting customized solutions, supported by agile engineering and delivery methods. This enables our clients to adapt quickly to changing market dynamics and emerge victorious. Our state-of-the-art solutions play a crucial role in advancing towards a digital and sustainable economy, fostering a brighter and more equitable future.

Global Certifications

- ISO 9001:2015: Quality Management System
- ISO 27701: 2019: Privacy Information Management System
- ISO 27001:2013: Information Security Management System
- CREST: Penetration Testing Operating in EMEA
- ISO 13485:2016: Medical Device Quality Management System

Comprehensive Offerings across Digital Lifecycle

- **Product & Digital Engineering Services (PDES):** Enables enterprises and digital native companies to build future-ready products and platforms, and unlock digital capital by leveraging our engineering pedigree, product innovation culture and strong domain capabilities
- **Generative AI Business Services (GBS):** Empowers organizations to harness the potential of Generative AI to unlock creative capabilities, drive autonomous decision-making, and develop new frontiers in personalized experiences
- **Infrastructure Management & Security Services (IMSS):** Powered by next-gen technology, enables organizations to manage, transform, and secure their distributed hybrid IT environment

Expanding Global Footprint

Map not to scale.

EUROPE

UK, The Netherlands and Germany

3 Offices | 22 Happiest Minds

UAE

Dubai

1 Office | 19 Happiest Minds

AMERICAS

US and Canada

9 Offices | 164 Happiest Minds

AUSTRALIA

Sydney

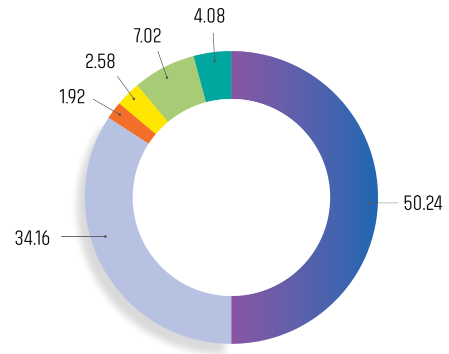
1 Office | 6 Happiest Minds

INDIA

7 Offices | 5 States | 4,957 Happiest Minds | Bengaluru Headquarters

Shareholding Pattern (%)

(as on March 31, 2024)



- Promoters and Promoter Group
- Public
- ESOP Trust
- Mutual Funds/Banks/FI's/QIB
- FIIs/NRIs/FPI's
- Body Corporates

ABOUT HAPPIEST MINDS

A Born Digital and Agile Company, Spearheading Versatility in Digital Advancements

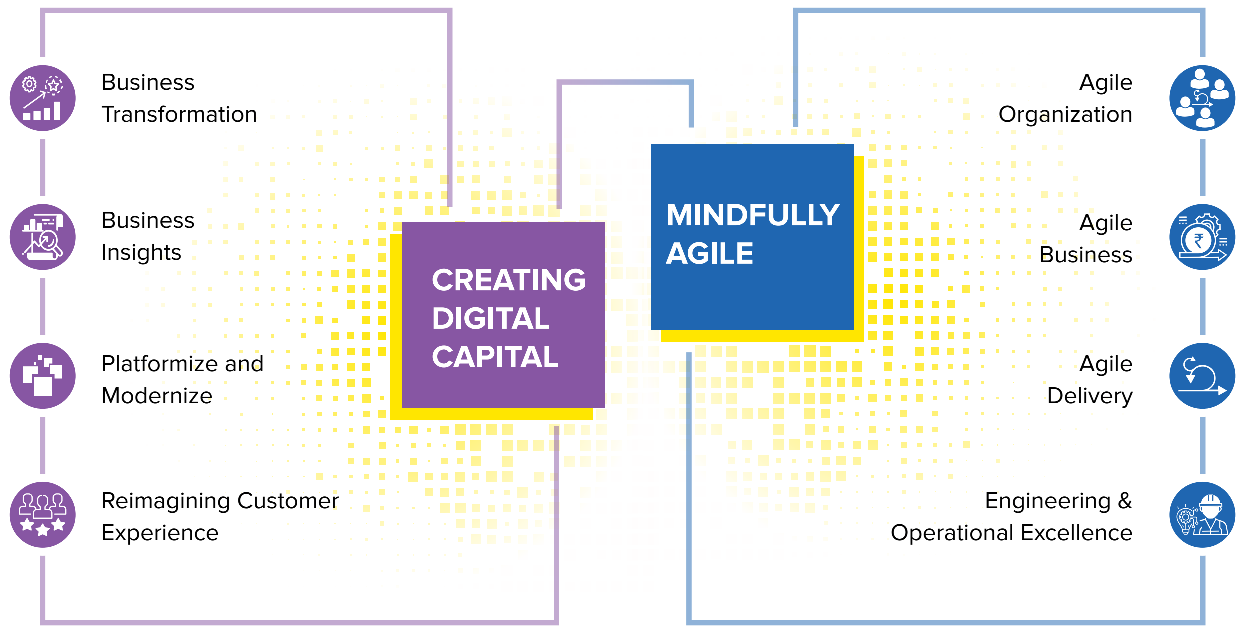
As a **'Born Digital . Born Agile'** company, we offer end-to-end capabilities to businesses across various verticals, guiding them through the digital lifecycle. Drawing on our expertise, we excel in efficiently implementing forward-looking digital solutions that redefine industry norms and foster transformative change.

Being a 96% digital and 95% agile business, we swiftly adapt to evolving market dynamics, delivering tailored solutions that precisely meet our customers' changing requirements. Whether it is crafting bespoke software applications, deploying cloud-based solutions, fortifying cybersecurity protocols, automating mechanical processes, or optimizing infrastructure management, we possess the proficiency to drive significant outcomes for our customers.

From initial consultation to ongoing support, we are dedicated to delivering exceptional service, surpassing customer expectations at every stage of the journey.

Charting the Course to Success with Innovative Digital Solutions

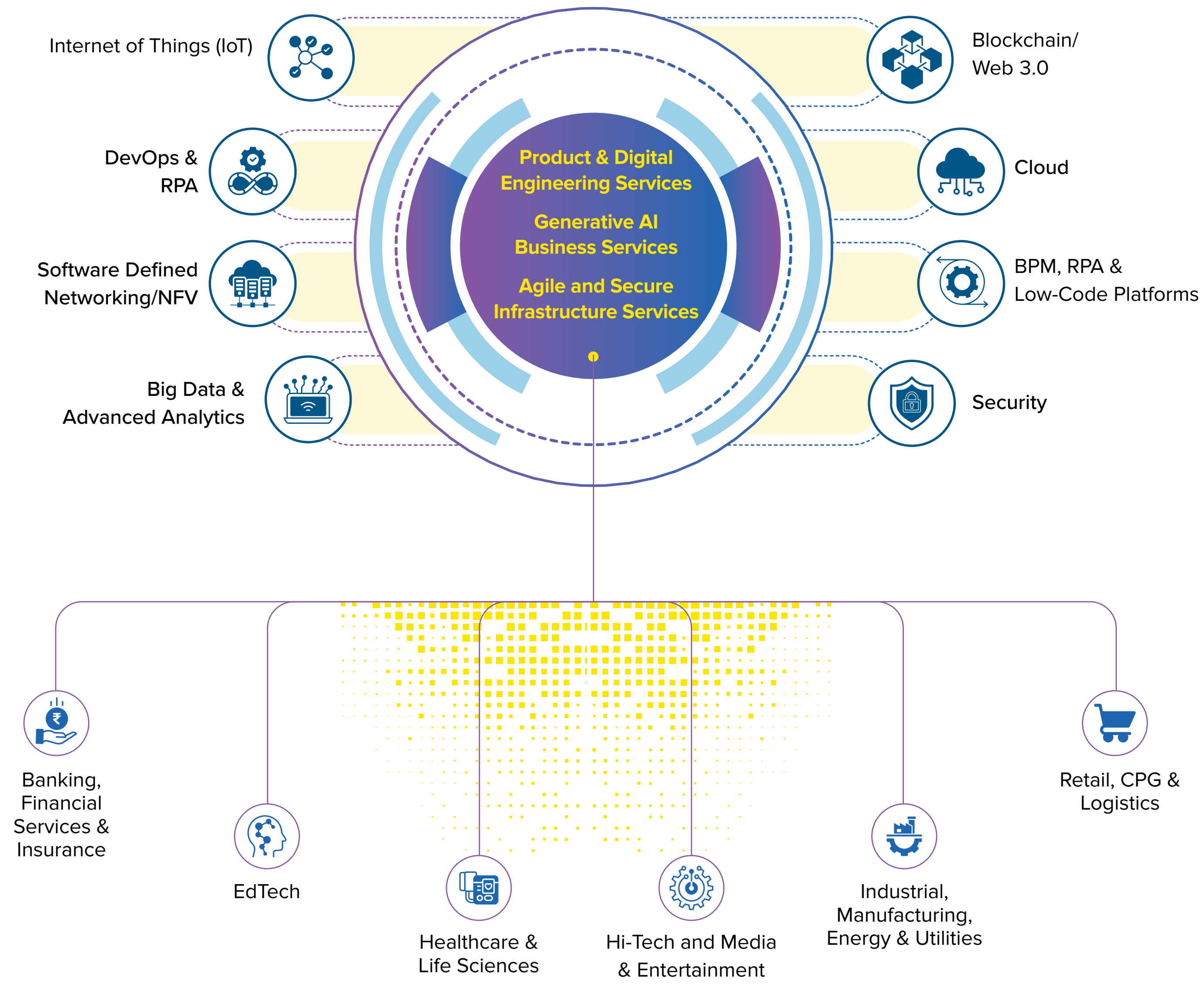
- Our objectives revolve around seamlessly aligning technology initiatives with overarching business goals
- Our strategies involve meticulously crafting strategic roadmaps, delineating clear objectives and achievable milestones
- Our endeavors encompass forging robust alliances with leading global Independent Software Vendors (ISVs), ensuring access to highly configurable software solutions
- Our team comprises top-tier software engineering talents equipped with state-of-the-art tools and methodologies
- Our services extend to providing comprehensive support across the entire software development lifecycle



Our Extensive Tech and Industry Expertise

With our broad understanding of various technologies and industries, we enable businesses to navigate digital transformations, innovate new products, and maintain agile and secure systems. This dedication propels us as leaders in driving industry-wide change and innovation.

Our Broad Spectrum of Competencies



RESEARCH AND DEVELOPMENT

Innovative Horizons. Achieving Excellence.

Our strong R&D prowess with depth in disruptive technologies, enables us to offer solutions across the digital lifecycle. We continue to invest in R&D, emerging technologies, and strategic alliances to strengthen our capabilities to design innovative solutions aligned to new technological breakthroughs, and thus, future-proofing our customers' digital transformation.

Agile Engineering and Delivery

We have implemented an agile delivery framework, empowering us to efficiently harness our wide-ranging technology and tool expertise to swiftly deliver tailored, high-quality software solutions.

Robust Engineering and Delivery Framework

Experimentation with the latest proprietary tools and techniques

Selecting the right technology (from our exhaustive expertise areas) that balances innovation and predictability

Scaling across the spectrum (from ideation to production) to deliver tangible outcomes to customers

Lower risks, better control and visibility across the project lifecycle.

Areas of Expertise

Research and Development (R&D) plays a pivotal role in enabling our clients to remain at the forefront of industry evolution and emerge victorious in competitive markets. We allocate significant resources to R&D initiatives, cultivating expertise in emerging technologies.

Some of the key areas where we excel include:

- Facilitating mobile connectivity with other devices, integration with social media, harnessing big data analytics, and enabling cloud delivery
- Advancing enterprise digital transformation, next-generation product and platform engineering, and secure infrastructure delivery capabilities
- Expertise in Internet of Things (IoT), DevOps, Digital Process Automation (including Robotic and Business Process Automation), Big Data and Advanced Analytics, Blockchain/Web3.0, Cloud Computing, Security, Drones and Robotics, Generative AI, and Quantum Computing

Analytics/Artificial Intelligence (AI)

- Data strategy
- BI modernization
- Modern data platform design & development
- Advanced analytics using AI/ML models
- Bio-informatics & healthcare analytics
- Computer vision
- Generative AI solutions
- Large Language Models (LLMs – both ChatGPT & OpenSource LLMs)

Internet of Things (IoT)

- Digital strategy creation
- Device/edge/ platform engineering
- End-to-end system integration on IoT platforms
- IoT security
- IoT-enabled managed services
- IoT roadmap
- IoT-led business transformation and new business models
- IT-OT integration

Nurturing R&D Excellence with CoEs

Cyber Security

- Digital risk, compliance and data privacy
- Securing & continuous monitoring of next-gen infrastructure including hybrid cloud, serverless and data
- Zero Trust infrastructure & application protection
- Advanced threat management for applications and infrastructure & DevSecOps
- Managed and extended incident detection and response IT/OT/IoT environment
- Identity security & governance
- Privileged user access management, monitoring & governance
- OT environment security and management of compensating controls

Digital Process Automation (DPA)

- **Automation Consulting:** Consulting that streamlines automation output, provides structure, and scales automation throughout the enterprise, encompassing people, processes, and technology to maximize benefits
- **End-to-End Process Automation:** Focused on automating end-to-end business processes to optimize operations, enhance customer experiences, and foster innovation through automated process orchestration, with human involvement, when necessary
- **Cognitive Automation:** Enabling automation of complex tasks and streamlining business processes by seamlessly integrating Artificial Intelligence (AI), Generative AI, and Machine Learning into cognitive architectures and intuitive technologies, driving innovation and value creation
- **Digital Automation Solutions:** Revolutionizing businesses with advanced digital automation solutions, leveraging Low-Code Application Platform (LCAP) development tools to craft custom applications meeting unique client needs. Solutions include modernizing legacy applications, extending ERP/mission-critical systems, scaling customer touchpoints, and digitizing processes for enhanced efficiency and productivity

Proprietary Platforms

Ellipse: A modular platform integrating ITSM/ITOM capabilities, analytics, and machine learning for AI-enabled IT operations (AIOps), ensuring agile infrastructure operations and accelerating IT-as-a-service journey.

CRPP: Leveraging MITRE ATT&CK® best practices, this platform utilizes multiple security technologies to offer deep analytics and insights, addressing the entire threat lifecycle and holistic cybersecurity risks.

DCM SaaS: An AI-powered engine for efficient enterprise content monetization, ensuring personalized knowledge delivery, low total cost of ownership (TCO), and rapid time to market.

UniVu: A big data-driven university analytics solution providing actionable insights for course delivery, administrative functions, and student success, integrating disparate data for predictive analytics.

Pro-RiTE: A model-based test automation framework for UI, API, and performance security testing, ensuring predictable quality and eliminating manual scripting for shorter feedback cycles.

ThingCenter: A unified IoT platform for device connectivity and management, enabling secure data aggregation, insight generation, and productivity enhancement for manufacturers.

CourseMap: An AI-powered degree planning tool for optimal academic path planning, empowering students to make evidence-based decisions and advisors to offer holistic mentoring.

Nethra: A computer vision framework for parking space monitoring and management, including license plate recognition, payment kiosk integration, and real-time slot tracking.

Patient Engagement Platform: A modular health engagement platform facilitating remote care access, emergency connections, continuous home monitoring, and smart interventions for healthcare providers and patients.

STRONG CLIENT BASE

Nurturing a Long-standing Relationship

Our commitment to delivering consistent value has developed a solid client base. Leveraging our domain expertise, we address the dynamic needs of our clients, positioning ourselves as trusted partners in their growth. This dedication helps us maintain relationships with established clients and attract new clients seeking reliable solutions. Our ability to understand and anticipate the evolving demands of our clients has been instrumental in our continued expansion and reputation as a dependable partner.

Clientele growth

During FY 2023-24, we have clocked to 250 clients with 90% repeat customers. Overall, we have added 13 new clients during the reporting period that sustained our clientele growth momentum.

250
Active clients

61
Fortune2000/Forbes200 Billion $ corporations

90%
Repeat business

48%
Revenue generated by the clients tenured >5+ years

48
Million $ customers (Based on quarterly revenues annualized)

US$794,000
Average revenue/Active customer

65
Net Promoter Score (NPS)

PARTNERSHIPS

Exploring Together Synergistic Collaborations and Partnerships

We have cultivated alliances that foster synergy, driving business relevance, growth, and sustainability. Teaming up with global technology leaders, our combined competency has propelled us to deliver industry-leading solutions and accelerators, amplifying our impact in the technology ecosystem and strengthening our competitive advantage. Our latest endeavor, augmenting our 'Generative AI' business, underscores our commitment to exploring new horizons. This initiative promises to revolutionize our approach to innovation within our organization and enhance our engagement with clients on their digital journey.

Our Partner Ecosystem

aws (Advanced Consulting Services Partner)

Rationale
Assist customers integrating the AWS stack and unlocking the optimal potential of enterprise modernization through AWS PaaS, cloud offerings and modernization of data platform.

Key highlights
- Maintained successful track in implementing cloud strategy on AWS record with customers
- Delivered best practices through enrollment as AWS 'Well-Architected' Program partner and achievement of Service Delivery Competency

servicenow (Premier Managed Services Partner)

Rationale
Managed services.

Key highlights
- Offering end-to-end services for ServiceNow's solution to accelerate digital transformation within ITSM/ITOM, low-code application platforms (LCAP) and IRM (Integrated Risk Management)
- Launched our ELLIPSE ITSM solution on ServiceNow
- Approved co-sell offerings and GTM motions in all our focus geographies

Microsoft (Member of the Microsoft AI Cloud Partner Program)

Rationale
Assist customers adopting the Microsoft stack and unlocking the potential of enterprise modernization using Microsoft Cloud, development tools and data platforms.

Key highlights
- Solution partner designations and extensive expertise encompassing Web & Application Innovation, Data & AI, Azure Infrastructure and Business Applications
- Specializations in Data Warehouse Migrations to Azure and Enterprise Applications Migration to Azure
- Approved 12 co-sell offerings for Azure Marketplace
- Member of the Microsoft AI Partner Council, collaborating on Gen AI

outsystems (Strategic Partnership)

Rationale
Exploring the rapidly growing Low-Code Application Platform (LCAP) market.

Key highlights
- Facilitating rapid deployment of new functionality and improving user experience through the OutSystems low-code platform for our clients
- Adhered to a joint GTM strategy with access to each other's sales and solutions teams across the USA, Europe and India

PIMCORE (Strategic Partnership)

Rationale
Bringing together expertise in architecting data solutions, designing experiences, managing and consolidating applications, and engineering products to address out client's most pressing challenges.

Key highlights
- Providing tailored service solutions in open-source PIM/MDM integrations, digital media asset management, transformation, and deployment, automating open-source CMS/UX, and open-source and customized e-commerce framework
- Over the past seven years, our team of over 150 consultants has successfully delivered approximately 300 projects

More on our alliances can be read on https://www.happiestminds.com/about-us/alliances/

Disclaimer: All logos are properties of their respective owners.

MERGERS AND ACQUISITIONS (M&A)

Focused M&A Strategy

A strategic and focused M&A program, tied to the Company's long-term goals, is in place and represented by the investment committee, which consists of two executive members. The Company follows a programmatic M&A approach that aims to acquire companies of strategic interest and meaningful size and scale.

THE CURRENT M&A PRIORITIES ARE

- Strengthen our geographical presence in the USA, Europe, Middle East, and Australia/ New Zealand regions
- Delve deeper into our focus industry groups, seeking specialized offerings in sub-verticals such as Insurance, Banking, Life Sciences, Manufacturing, and Retail CPG
- Enhance the length and breadth of our technology offerings. Examples include Cyber Security, ServiceNow, and Salesforce
- Enhance partnerships and strategic alliances with companies such as Microsoft®, ServiceNow®, SailPoint®, and CyberArk®

Happiest Minds has, in the past, acquired several companies that have helped achieve the above objectives and create long-term value for its stakeholders through sustained growth and profitability. Our acquisitions include Cupola, an IoT solutions and services provider for industrial, telecom, smart homes, wearables, logistics, and smart cities, which has helped strengthen our IoT Center of Excellence (CoE). Pimcore Global Services (PGS) and Happiest Minds are both strategic partners of Pimcore, Austria. Our acquisition of PGS expanded our delivery competencies, making us Pimcore's largest offshore implementation partner in the world.

In January 2023, we acquired Sri Mookambika Infosolutions, a CMMI Level 3 and ISO 9001:2015-certified company headquartered in Madurai. It provides product engineering services to US customers in the areas of Enterprise Applications & Integrations, Digital Data Platform Services (Analytics, Data Strategy, AI/ML, User Experience), Mobility Services, and DevSecOps. It has deep domain expertise in the healthcare vertical.

The Company will continue to be acquisitive by evaluating candidates who are aligned with its priorities as mentioned above. The Company has had a good headstart to FY 2024-25 with the strategic acquisitions of PureSoftware Technologies Private Limited ('PureSoftware') and Aureus Tech Systems LLC ('Aureus').

Through PureSoftware, Happiest Minds strengthens its domain capabilities in the Banking, Financial Services, Insurance (BFSI), and Healthcare and Life Sciences verticals. The 1,200-person Company will augment the capabilities and service offerings of Happiest Minds' already strong Product & Digital Engineering Services (PDES) Business Unit. In addition to strengthening its presence in the USA, UK, and India, Happiest Minds will also gain a near-shore presence in Mexico and offices in Singapore, Malaysia, and Africa.

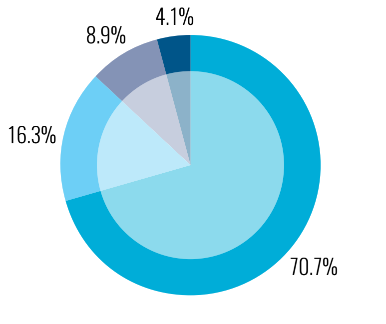
Aureus is a niche Azure-native digital product engineering company focused on digital transformation using Data, AI, and Application Modernization. The 150-person Company, headquartered in Denver, Colorado, with a development center in Hyderabad, partners with Fortune 500 companies, including global Insurance and Reinsurance providers, and Healthcare & Life Sciences enterprises in their cloud transformation journeys. As a Microsoft-certified Gold & Co-sell Partner for Digital & App Innovation (Azure), Aureus delivers bespoke Cloud and AI-based transformation solutions, underpinned by a blend of domain expertise and industry acumen. Through this acquisition, Happiest Minds strengthens its domain capabilities in the Insurance & Reinsurance, Healthcare, and Life Sciences verticals.

BUSINESS MODEL

Exploring to Scale

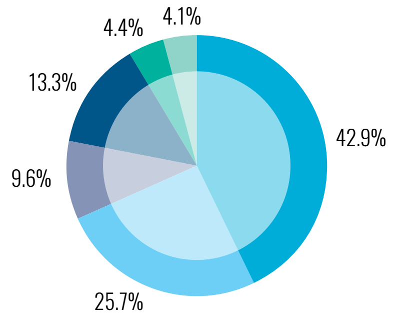
Our business model is built on resilience and adaptability, leveraging our technological expertise and strong customer service. We have scaled our proven and time-tested approach to deliver technology solutions that support client growth. Vertical diversification and a global customer base secure our revenue streams while being based in India has benefited us with a large pool of skilled professionals and a high offshoring model. This comprehensively ensures our industry-leading margins.

REVENUE BY GEOGRAPHY



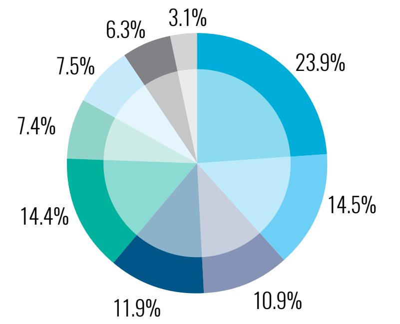
Our business is geographically diversified into different regions around the world. USA is the largest contributor to our revenue while the India and Europe are the following contenders.

DIGITAL REVENUE



Our technology stack offers better visibility to revenue generation while averting the single point risk. Further, continuous skill development complements us with enhanced service delivery. These technologies are key focus areas for companies seeking a competitive edge, presenting significant opportunities for growth.

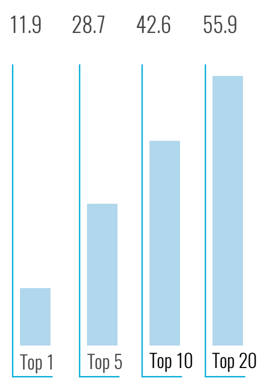
REVENUE BY VERTICAL



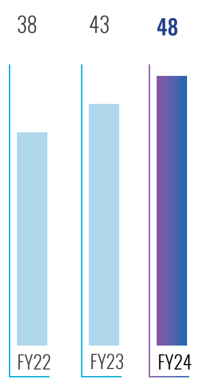
Our diversified business verticals exemplifies our domain expertise and ability to serve a larger customer base. While efficiency is the key to clock ultimate growth momentum, it also presents to us greater opportunities to excel in future.

**TME: Travel, Media and Entertainment*

CUSTOMER REVENUE CONCENTRATION (%)

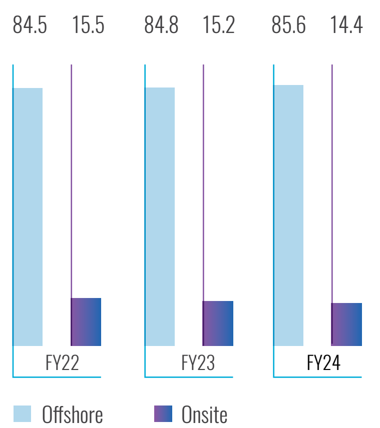


MILLION $ CUSTOMERS

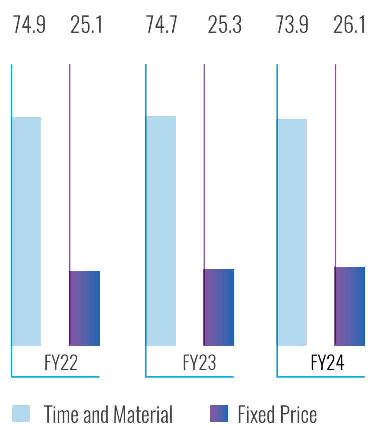


We have total 250 clients with 13 newly onboarded in FY 2023-24 diversified into different sectors and geographies offering us expansive opportunities to grow.

PROJECT MIX (%)



REVENUE BY CONTRACTING MODEL (%)



VALUE CREATION MODEL

Designed to Create Value Sustainably

INPUT

Financial Capital
- Net Worth: ₹1,48,024 Lakhs
- Cash and Cash Equivalents ₹1,36,970 Lakhs

Manufactured Capital
- Plant, Property and Equipment: ₹13,778 Lakhs
- 4 Centers of Excellence (CoEs): IoT, Analytics/Artificial Intelligence, Digital Process Automation and Cyber Security
- Delivery Centers: 9
- 21 offices/presence in 8 countries

Intellectual Capital
- R&D expenditure: ₹1,843 Lakhs
- IPs/Solution Accelerators: 7

Human Capital
- Happiest Minds: 5,168
- Employee Benefits Expense: ₹94,772 Lakhs (Happiest Minds Stand-alone) ₹1,01,469 Lakhs (Happiest Minds, INC & SMI)
- Attrition rate – 13.1%
- Total Training Hours: 1,44,124 (excluding mandatory)
- Average Training Hours per Happiest Mind: 33.08

Social and Relationship Capital
- Focused partnerships with NGOs to support community and environmental initiatives
- Through Akshaya Patra initiatives, 4,463 children across 73 schools were served 15,23,743 meals
- Collaborating with Rural Rising, refurbished 5 existing RO (reverse osmosis) units and constructed 2 new RO units in the Raichur Taluk
- Through the Idayangal Trust, supported 64 children diagnosed with Type-1 diabetes for a year
- 285 interactions with analysts, investors and shareholders
- Active customers: 250

Natural Capital
- Vision to be Carbon Neutral by 2030
- Energy-saving & optimization initiatives: We have replaced fluorescent lamps with LED lamps. We also use cloud-based servers optimizing our IT energy infrastructure
- Promoting responsible use of water in-house and through community initiatives
- Optimizing business travel, waste reduction through reusing and recycle
- Water consumption: 9,204.206 KL
- Energy consumption: 39,69,007 KWh

OUR OPERATING MODEL

Opportunity Tracking
- Sales Intelligence Tool
- Partner connect, deal database and customer referrals for lead generation, nurturing and proactively sending proposals
- Skills, competencies, and capabilities of Happiest Minds

Capitalizing on Projects
- Deal qualification and clarity on value proposition
- Stakeholder mapping, interlocks with other enterprise applications and collaboration on CRM
- Management review of pipeline
- Controlled access to proposal repository
- Customer testimonials
- Deal-based marketing and innovative pricing technique
- Win/Loss analysis

Client Retention
- Evaluation and assessment of project execution and delivery
- Identification of improvement areas
- Customer feedback: satisfaction, advocacy, loyalty and value for money

Delivering Excellence
- Matching people skills, entering collaborations and use of accelerators/ new solutions/tools to meet customer requirements
- Continuous project monitoring, and defect tracking supported by LEAN and quality control processes

OUTCOMES

Financial Capital
- Operating Revenue: US$196.13 Million (↑10.3%)
- Total Income: ₹1,71,003 Lakhs (↑17.9%)
- EBITDA: ₹42,122 Lakhs (↑10.9%)
- PAT: ₹24,839 Lakhs (↑7.5%)
- Free Cash Flows: ₹41,067 Lakhs
- RoCE & RoE: 22.3% & 16.9% respectively
- Market Capitalization: ₹11,33,534 Lakhs
- Earnings per share (Diluted): ₹16.73
- Dividend per share: ₹5.75

Manufactured Capital
- Best-in-class ecosystem benefiting Happiest Minds and customers
- Higher efficiency with reduced cycle time and faster turnaround

Intellectual Capital
- Expertise in Generative AI & AI, Big Data and Advanced Analytics, Internet of Things (IoT), DevOps, Robotic Process Automation (RPA), Low-Code Application Platforms (LCAP), Blockchain, Cloud, Business Process Management (BPM) and Integration, Security
- Won multiple recognitions (Read page Pg 22, 23)

Human Capital
- Women Happiest Minds representation: 27.7% (27.4% in FY 2022-23)
- Diverse workforce including 10 nationalities
- Great Place to Work® Institute (GPTW) recognition:
  - Top 50 India's Best Workplaces™ in Health and Wellness 2023
  - Top 50 India's Best Workplaces™ in IT & IT-BPM 2023
  - Top 50 India's Best Workplaces™ for Women 2023
  - Top 50 India's Best Workplaces™ for Building a Culture of Innovation 2023
- Fortune recognition: Ranked #2 among Top 30 Future-Ready Workplaces of India
- Avtar & Seramount recognition: 100 Best Companies for Women in India 2023
- PoSH Awareness Month celebrated, PoSH policy updated, internal committee revamped; Leadership training, IC meetings successfully completed
- Happiest Minds Run uniting over 1,000 members across four locations to support the Idhayangal Charitable Trust with a donation of ₹10 Lakhs for children with Type-1 diabetes
- Blitz, the tech fest by Happiest Minds with the theme, "Ignite Inspire Innovate", energized team members came together over to tackle 11 events, resulting in a vibrant fusion of technology and creativity

Social and Relationship Capital
- Net Promoter Score: 65
- Million Dollar customers: 48
- Repeat revenues: 90%
- Total CSR Spend: ₹226.27 Lakhs

Natural Capital
- Rainwater harvesting
- Total emissions (Scope 1 + Scope 2) = 4084 $MTCO_2e$ (1242 tCO_2e + 2842 tCO_2e)
- Total water recycled through STP - 100%
- Electricity generated from Renewable Energy (Solar) - 4,92,559 KWh 10% of solar energy utilization

AWARDS & RECOGNITIONS-2024

Testament to Our Horizons

Among Top 50 India's Best Workplaces™ in Health and Wellness 2023

The 'Top Firms to Work for in AI & Analytics' and Sridhar Mantha recognized as 'AI Leader of the Year' at the 3AI ACME Awards

Happiest Minds' Integrated Annual Report 2022 wins Gold at the SAFA Best Presented Annual Report Award

The IBM THINK Partner Excellence Award (TOP PARTNER AWARD), TRAILBLAZERS OF 2023

Among Top 50 India's Best Workplaces™ in IT & IT-BPM 2023

ISOL Corporate Award on Value-Based Sustainable Organizations

'Procurement Organization of the Year' at the CPO Awards 2023

'Digital Transformation of the Year' at IReC Awards 2023

Among Top 50 India's Best Workplaces™ for Women 2023

Recognized among 'Inspiring firms in AI & Analytics' at the 3AI Zenith Awards 2023

The 'Best Tech for Security' Award at the 3rd Edition of the IDEA Awards

Happiest Minds' CRPP solution wins 'Best Security Operation Centre of the Year' at the CISO Summit & Awards 2023

Among Top 100 India's Best Companies to Work for™ 2023

The CULT.fit 'India's Fittest Disruptors 2023' Award

Honored as 'Cybersecurity Champion of the Year' at 100 CISO Forum – Summit & Awards 2023, Dubai

STPI Exports & Excellence Awards 2021-22

Among 100 Best Companies for Women in India 2023- Avtar & Seramount

Received GOLD award for its 2023 Integrated Annual Report from the League of American Communication Professionals (LACP)

KEY PERFORMANCE INDICATORS

Validating Our Focused Growth Approach

TOTAL INCOME (₹ Lakhs)

FY20	FY21	FY22	FY23	FY24
71,423	79,765	1,13,075	1,45,040	**1,71,003**

EBITDA (₹ Lakhs)

FY20	FY21	FY22	FY23	FY24
11,312	21,573	29,477	37,997	**42,122**

EBITDA MARGIN (%)

FY20	FY21	FY22	FY23	FY24
15.8	27.0	26.1	26.2	**24.6**

PAT (₹ Lakhs)

FY20	FY21	FY22	FY23	FY24
7,171	16,246	18,120	23,099	**24,839**

PAT MARGIN (%)

FY20	FY21	FY22	FY23	FY24
10.0	20.4	16.0	15.9	**14.5**

FREE CASH FLOWS (₹ Lakhs)

FY20	FY21	FY22	FY23	FY24
11,266	21,476	29,064	36,480	**41,067**

FCF TO EBITDA (%)

FY20	FY21	FY22	FY23	FY24
99.6	99.6	98.6	96.0	**97.5**

Free Cash Flows (FCF)

NET WORTH (₹ Lakhs)

FY20	FY21	FY22	FY23	FY24
26,531	54,599	66,580	83,882	**1,48,024**

RETURN ON CAPITAL EMPLOYED (ROCE) (%)

FY20	FY21	FY22	FY23	FY24
28.9	31.2	34.8	32.8	**22.3**

RETURN ON EQUITY (ROE) (%)

FY20	FY21	FY22	FY23	FY24
27.1	29.8	27.3	27.8	**16.9**

DILUTED EARNINGS PER SHARE (₹)

FY20	FY21	FY22	FY23	FY24
1.16	11.45	12.55	16.01	**16.73**

DIVIDEND PER SHARE (₹)

FY21	FY22	FY23	FY24
3	3.75	5.40	**5.75**

MARKET CAPITALIZATION (₹ Lakhs)

FY21	FY22	FY23	FY24
7,93,137	15,51,834	11,27,692	**11,33,534**

STRATEGIC REVIEW

28 - 37

STAKEHOLDER ENGAGEMENT

Maintaining Effective Dialogue with Stakeholders

Effective stakeholder engagement is imperative to meeting business goals and ensuring long-term success. Assessing the stakeholders' insights helps us align our strategies with their expectations, ensuring mutual growth.

Key Stakeholders and their Concerns

Our approach is both strategic and comprehensive, focusing on identifying, consulting, prioritizing, collaborating, and gathering feedback from key stakeholders. Working closely with our leadership team, we ensure the engagement of those crucial to our sustainability and growth.

By understanding and addressing stakeholder expectations and concerns, we prioritize actions across environmental, economic, and social areas. Our transparent and open communication fosters a collaborative culture that exceeds expectations and creates collective value. This approach helps us navigate business complexities and achieve sustainable success.

Customers

Channels of Engagements

Project-related calls, and meetings; project management reviews; relationship meetings and reviews; executive meetings and briefings; customer visits; responses to RFIs/RFPs; sponsored events; mailers; newsletters; brochures, Company website; social media (LinkedIn, Instagram, YouTube, Threads, X, Facebook); Customer Happiness Surveys; sponsored community events

Concerns and Expectations

- Our initial objective was to reach a Net Promoter Score (NPS) of 55 by the year 2026. We have exceeded this target by achieving a remarkable NPS of 65 during the current financial year
- More than 50% of the customers responded to CHS
- Scored 7.97 on a 9-point scale in the Customer Happiness Survey
- Repeat business of more than 90%
- 174 value additions provided covering 13% of the revenue

How Happiest Minds is Addressing Them

- Improved execution capabilities and skills of people to deliver projects on time
- Strong cyber security solutions implemented to protect data

Frequency of Engagement

As needed/Continuous/Annual

Shareholders & Investors

Channels of Engagements

- Press releases and press conferences
- E-mail advisories
- In-person meetings
- Investor conferences
- Disclosure
- Social and environmental sustainability
- Financial statements in IND AS
- Earnings call
- Exchange notifications
- Press conferences
- Investors page, on our website
- Annual General Meeting
- Annual Report

Concerns and Expectations

- To uphold the highest standards of corporate governance
- Transparency and disclosure
- Establish leadership in environmental, social and governance standards

How Happiest Minds is Addressing Them

- Maintained industry-leading performance with superior margins
- Devised strategy for long-term growth
- Established ESG policy to drive business resilience

Frequency of Engagement

As needed/Quarterly/Continuous/Annual

People

Channels of Engagements

- Implement a variety of communication methods
- Schedule regular town halls and monthly project reviews for updates and discussion
- Utilize video and audio conferences to engage remote stakeholders
- Leverage platforms like Yammer for continuous interaction and iAppreciate for public recognition
- Offer one-on-one counseling
- Support participation in wellness and engagement programs
- Promote a leave donation scheme
- Annual reviews and employee committees are part of the strategy to ensure stakeholder voices are included in decision-making, effectively meeting diverse needs and fostering a collaborative environment

Concerns and Expectations

Concerns:

- Creation and attraction of a Talent Pipeline based on the changing needs of the industry and technology
- Efforts toward personal well-being and happiness since the date of joining the Company

Expectations:

- Create an atmosphere to be recognized as amongst the top 3 places to work in the Indian IT services industry

How Happiest Minds is Addressing Them

- Happiest Minds is actively building and attracting a talent pipeline by emphasizing continuous learning, upskilling in emerging technologies, and aligning talent strategies with the evolving demands of the industry
- Tailored our communication strategies to meet the diverse needs of our stakeholders by deploying a variety of targeted communication tools. These include Microsoft Teams, emails, Yammer, Discussions, and visual mediums like posters and floor walks for engaging personnel on-site
- Our commitment to creating a positive and collaborative organization through improved transparency and inclusivity culture is underpinned by initiatives that emphasize gender, cultural, generational, and ethnic diversity. By consciously focusing on these areas, we strive to enhance transparency and inclusivity, building a workplace where every individual feels valued and heard
- The Happiest Minds Wellness program HappiZest, embodies the 7Ws of wellness: Physical, Spiritual, Intellectual, Professional, Social, Emotional, and Environmental. This comprehensive program is supported by aligning activities, logistics, facilities, and expert resources within the organization. Through a broad spectrum of wellness initiatives, we are dedicated to nurturing the holistic well-being of our community

Frequency of Engagement

Continuous/Annual

Vendors

Channels of Engagements

- The Company has conducted a vendor satisfaction survey during the year which may include concerns about vendor performance, contract compliance, cost management, quality control, risk mitigation, and relationship management
- The Company is in the process of implementing the vendor audit and the self-assessment questionnaire on ESG

Concerns and Expectations

- Implementing fair and sustainable business practices
- Demonstrating effective governance
- Scaling business opportunities and maintaining sustainability of demand
- Creditworthiness
- Promoting small businesses

How Happiest Minds is Addressing Them

- Ensured fair and transparent onboarding and payment terms
- Supporting suppliers with training and skill-building

Frequency of Engagement

As needed

Community

Channels of Engagements

- Presentations
- Project meetings and reviews
- Calls and meetings
- Surveys
- Consultative sessions
- Field visits
- Due diligence
- Conferences and seminars
- Surveys
- Press releases
- Press conferences
- Sponsored events
- Contribute time and financial resources in a social cause, actively engage, participate and support social and environmental causes and associate with organizations working towards this goal

Concerns and Expectations

We understand that the community may have various concerns and expectations, including but not limited to:

- Environmental Impact: Concerns about how our Company's operations may affect the local environment, such as pollution, resource depletion, or habitat destruction.
- Social Responsibility: Expectations for our Company to contribute positively to the local community through philanthropy, partnership for food and nutrition, environment, sustainability & healthcare
- Transparency and Accountability: Expectations for transparency in decision-making processes, financial reporting, and communication about company activities that may impact the community
- Safety and Health: Concerns about the safety and health implications of our operations on community members, including traffic congestion, or potential health hazards

How Happiest Minds is Addressing Them

- Supported various partner organizations to improve food & nutrition, environmental sustainability, and healthcare
- To address the concerns and meet the expectations of the community, our Company is committed to implementing sustainable practices into our operations to minimize our ecological footprint and mitigate any adverse impacts on the local environment
- Community Engagement Programs Transparency and Communication: Ensuring transparency and open communication with the community by providing regular updates, sharing relevant information, and soliciting feedback through various channels of engagement
- Safety Protocols and Compliance: Adhering to strict safety protocols, regulatory requirements, and industry standards to ensure the safety and well-being of both our people and the local community

Frequency of Engagement

As needed

- Regular/meaningful engagement with the community to build trust, foster collaboration, and address concerns effectively
- The frequency of engagement activities may vary depending on the nature of the projects, issues, or initiatives involved. However, we strive to maintain ongoing communication and interaction through:
  - Monthly Community Forums or Meetings, Quarterly Newsletters and Updates, Real-time Response on Social Media, monitoring and responding to inquiries, comments, and concerns from community members on social media platforms in real-time to ensure timely communication and engagement
  - By maintaining a regular and proactive approach to engagement, we aim to foster a strong and mutually beneficial relationship with the community based on trust, transparency, and collaboration

Alliance Partners

Channels of Engagements

- Meetings/calls, visits
- Partner events
- Conference calls
- Business reviews

Concerns and Expectations

- To drive active innovation and enhance partnerships
- Demonstrate proficiency to be a partner for digital technologies

How Happiest Minds is Addressing Them

- Premier vendor relationships with dedicated support
- Provide ready availability of skilled resources and privileged access to IPs, labs and infrastructure

Frequency of Engagement

As needed/Continuous/Annual

Government and Regulatory Bodies

Channels of Engagements

- Inputs towards drafting new policies, rules & regulations

Concerns and Expectations

- Participate in national economic development

How Happiest Minds is Addressing Them

- Transparent reporting of financial and non-financial performance as per GRI standards
- ESG action plan created

Frequency of Engagement

As needed

MATERIALITY

Addressing What Matters

The Company's reputation and successful business growth depend on the value it creates for its stakeholders, the community, and its sustainability. To ensure this, it is imperative to understand what is important and relevant to us in terms of sustainability within the business context. Hence, materiality is an exercise conducted to assess the most important issues and opportunities the Company should address to drive a sustainable business.

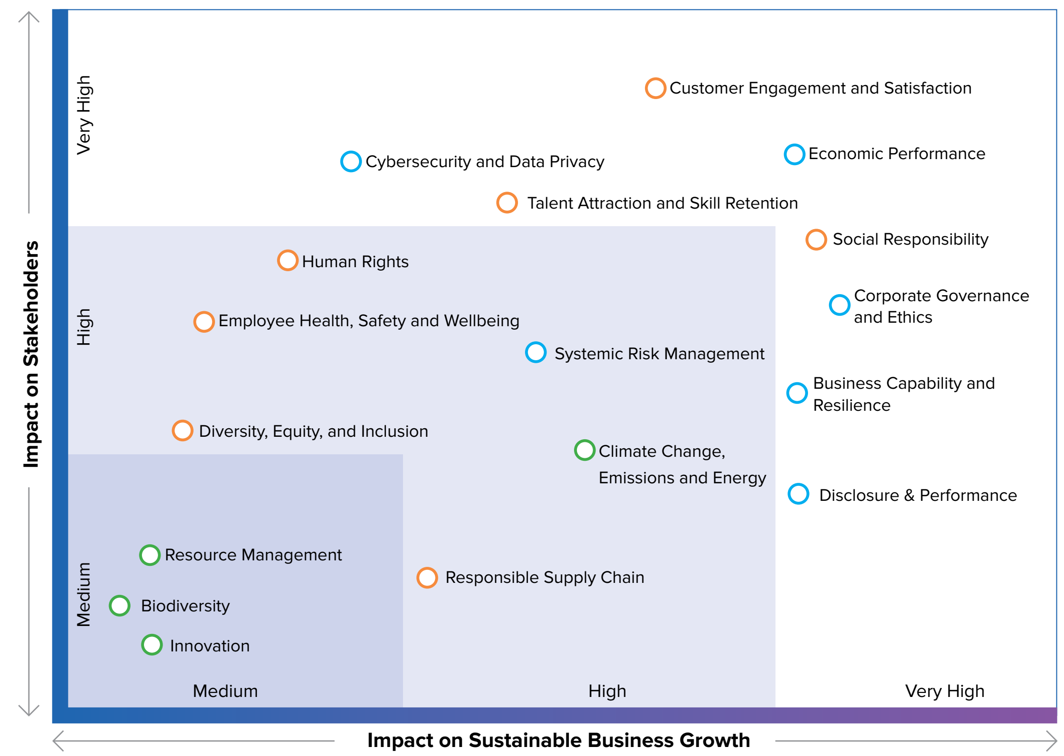
Materiality Determination Process

At Happiest Minds, materiality assessment is a critical process to identify and prioritize the most pertinent issues that are material to the Company and its stakeholders. The identified material issues are analyzed for potential impact on the business and stakeholders and then classified as risks and opportunities based on severity. If a material issue is identified as a risk, countermeasures are developed to mitigate and averse the impact, make use of the opportunity, and engage with concerned stakeholders. Conversely, if it is classified as an opportunity, strategies are developed to capitalize on the opportunities while engaging with relevant stakeholders.

Identify material issues → Identify actual and potential impacts → Classify risks/opportunities based on impact severity → Devise plan to mitigate risks/use opportunities → Engage with stakeholders to address the risks/opportunities → Link to business strategy and performance

MATERIALITY MATRIX

- Environmental
- Social
- Governance



Please read more at the BRSR report on Pg 156-161

STRATEGY

Strategies to Explore Newer Horizons

Our commitment lies in profitable growth while prioritizing perpetuity of the organization, excellence in ESG practices, and success of our clients. Our strategic priorities aimed at enhancing technology expertise, expanding our delivering capabilities across key markets, and engaging with clients at more strategic level are aligned to this objective. These efforts are reinforcing our reputation and have positioned us for sustained growth.

Land & Expand Strategy

Customer-centricity drives our long-term growth by fostering strong relations with existing customers and attracting new ones. We prioritize understanding and segmenting customers, sharing our brand's vision and value, and leveraging our technology, delivery and engineering excellence to provide exceptional services and experiences. Our prudent account management practices enable early customer engagement, highlighting our compelling value proposition, and expanding our presence in their strategic initiatives. This has also boosted our ability to garner references through word-of-mouth, brand building and acquiring new accounts.

Outlook

Our strategy has driven our brand desirability, visibility, and credibility, enhanced our chances of success and increasing customer lifetime value. We will continue to adopt a consumer-centric strategy through research, actionable insights, and realizable blueprints to position ourselves as a relentless, agile player in pursuing innovation and digital transformation.

Exposure

~90%

Revenues generated from repeat business

Pursue Inorganic Opportunities

Acquisitions have been key to scaling our technology capabilities and delivering better value to customers. Over the last few years, we have acquired companies like OSSCube, Cupola, Pimcore Global Services (PGS), Sri Mookambika Infosolutions and recently PureSoftware Technologies, and Aureus Tech Systems which have significantly helped fill technology gaps and increased our people strength by 1,400.

VISION FY 2030-31 AND BEYOND

- Selectively pursue inorganic opportunities to strengthen technology capabilities
- Augment delivery channels in both offshore and onsite
- Strengthen proposition with a consulting-led approach
- Target companies with specialty and complementary skills
- Strengthen market position and open new growth possibilities
- Explore opportunities for resource rationalization and capacity utilization improvement
- Gain economies of scale

Widen Domain and Technology Expertise

Our business expansion strategy is propelled by diverse domains and technology expertise, ensuring scalability and reliability. We have created a new verticalization structure of six industry groups that will be the bedrock of new growth engines, enabling us to compete better in the global markets. The Industry Groups are: Banking, Financial Services & Insurance (BFSI); EdTech; Healthcare & Life Sciences; Hi-Tech and Media & Entertainment; Industrial, Manufacturing, Energy & Utilities; and Retail, CPG & Logistics. We remain dedicated to enhancing our expertise by strategic recruitments within each industry group and subgroup.

Key Focus Areas

- Strengthening sales with domain expertise for effective customer engagement
- Scaling expertise in emerging technologies: Generative AI, AI, Low-Code/No Code, Cybersecurity
- Enhancing technology proficiency, particularly in Generative AI
- Exploring new verticals and technologies for diversification and competitive edge

Scale Geographical Presence

Expanding our presence in key markets facilitates the attraction of new clientele, exploration of untapped revenue streams, maintaining competitive advantage, and seizing emerging market opportunities. Over the years, we have effectively established a foothold in prominent IT markets such as the UK, the US, Canada, Australia, New Zealand, the Netherlands, and the Middle East. These markets are served through both onshore and offshore offices located in India, specifically in Pune, Noida, and Bengaluru. In FY 2022-23, we extended our reach by inaugurating two additional offices in the US, enhancing our ability to cater to customer needs. Through the acquisition of PureSoftware, Happiest Minds gets a near-shore presence in Mexico and offices in Singapore, Malaysia, and Africa. Additionally, we also expanded into tier-II locations in India, including Madurai, Bhubaneswar, and Coimbatore, to access cost-efficient and skilled talent pools. Happiest Minds has also expanded its team in Noida (through PureSoftware acquisition) and a new office in Hyderabad (through Aureus acquisition).

Intensifying growth through Solution Accelerators

Intellectual Properties (IPs) constitute a fundamental aspect of our offerings, enhancing our revenue streams. By integrating niche IPs that complement our current services, we elevate our capacity to deliver value to our clients. As innovation remains pivotal in propelling our growth trajectory, we concurrently cultivate and monetize a robust IP strategy to bolster revenue generation. Our competitive edge lies in the combination of high-quality deliverables and expedited service facilitated by our adept engineering talent, proprietary software development lifecycle processes, cutting-edge applications and tools, and rigorous project management methodologies. This positioning establishes us as a partner-of-choice and solution provider.

Key Focus Areas

- Developing highly configurable and operationally-efficient software platforms and components to serve diverse end-users across industries

RISKS AND OPPORTUNITIES

Ensuring Effective Risk Management

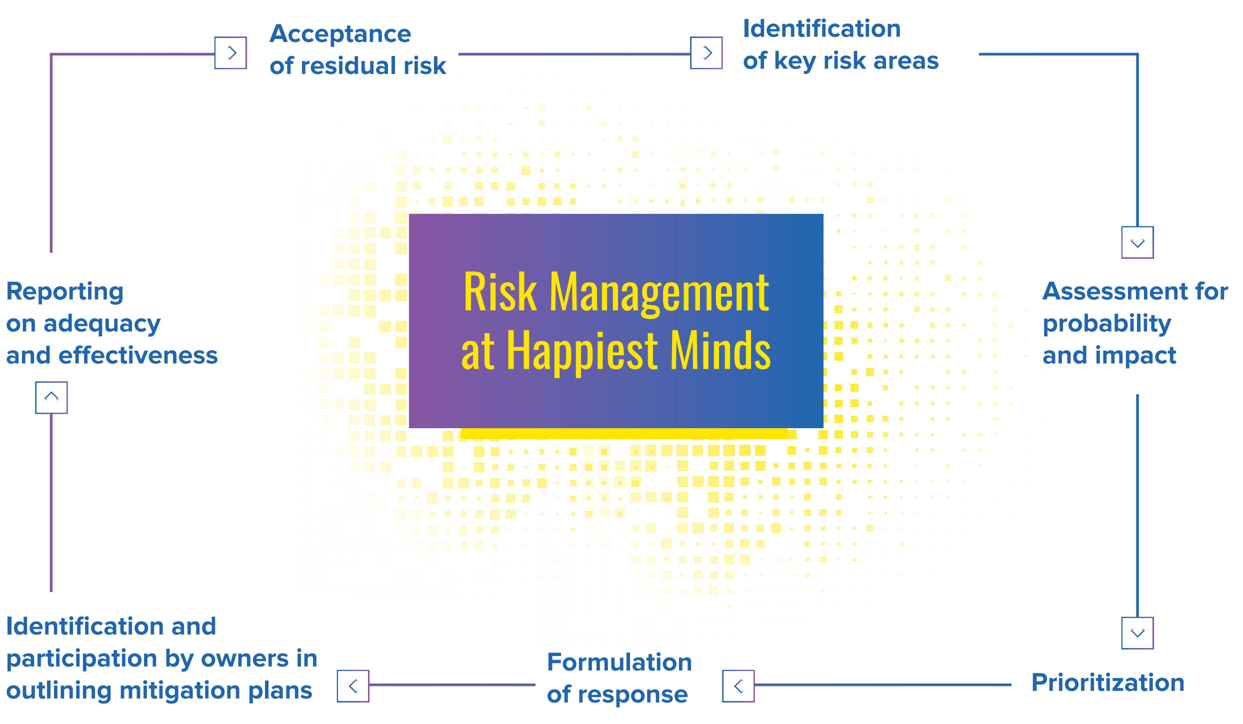
Effective risk management helps us manage the impact of events and attain business objectives. We ensure this with our robust risk management framework and a holistic approach of continually identifying, monitoring, evaluating and managing risks. Amidst rising geopolitical turbulence and global supply chain issues, we are increasing our agility to tackle emerging risks and capitalize on new opportunities.

Risk Management Framework

We have a well-defined framework and procedures for Enterprise Risk Management (ERM), prepared under the supervision of the Executive Board. These cover information security, operations, delivery, and key support functions. The procedures include risk identification, analysis, response, tracking, management discussion and mitigation.

Our respective functions and project teams maintain risk registries, which are centrally reviewed and periodically monitored by compliance and governance teams responsible for specific risk areas. Additionally, our defined risk appetite reflects the broader risk levels we can assume, manage, and incorporate into our strategy.

We ensure effective ERM through a robust governance mechanism involving the Chief Information Security Officer (CISO), Chief Information Officer (CIO), and the Engineering and Business Excellence (EBE) team, who work together with the Executive Board.



Key Risks and Mitigation Actions

Financial Risks

Risks	Mitigating actions
Foreign currency fluctuation International operations account for a substantial part of our revenues, and unfavorable movements in foreign currency might affect our profitability.	• We manage Foreign Exchange (FX) risk in two ways: – Natural hedge – Matching payables and receivables in foreign currency to neutralize currency swings – Simple derivatives – Using plain vanilla forward exchange contracts with a residual life of up to one year, structured as a ladder to cover probable transactions/inflows. The Risk Management Committee of the Board guides and monitors hedging strategies • Reporting certain metrics, such as constant currency revenue growth, to enable a currency-neutral understanding of business growth
Customer credit The inability to obtain payments owed by our customers can impact our working capital cycle and lead to losses.	• We maintain short billing and collection cycles, with a strong focus on collections, resulting in low debtor days of 87 as of March 31, 2024 • We continuously assess customer creditworthiness, assign credit limits, and adhere to contractual terms for timely collections
Availability of credit and liquidity management Our inability to maintain an optimal liquidity level may prevent us from meeting future cash and collateral obligations.	• We focus on monitoring our positions and maintaining adequate sources of financing through various banks under multiple banking arrangements • We have access to undrawn borrowing facilities

Business Risks

Risks	Mitigating actions
Concentration of revenues We are dependent on a few customers and a specific geography for most of our revenues. Our inability to attract new customers, retain existing ones, or any unfavorable macroeconomic scenario in our key target market may impact revenues.	• The majority of our revenues come from the U.S. However, sustained growth in other regions has led to a decline in the U.S. revenue share • We maintain close relationships and sustained engagements with customers to understand their needs • We leverage our extensive portfolio of offerings to cross-sell and upsell to existing customers
New and emerging technology disruption Amidst the rapid evolvement of IT industry, the inability to develop new technology capabilities may impact new business opportunities.	• We have established competence in several next-generation technologies such as blockchain, AI, drones, robotics, and edge computing, among others • We have dedicated Centers of Excellence (CoEs) and collaborate with globally leading firms to further build niche skills • We constantly run upskilling and reskilling programs to make Happiest Minds future-ready. This includes clearly defined training programs, both online courses and on-the-job learning, in our new Business Unit focusing on Generative AI technologies

Profitability and sustenance of the business

An increase in wages and the inability to accurately compute contract pricing through various cost estimations may impact profitability.

- A significant portion of our business is executed through offshoring from India, leveraging the advantage of lower wage costs
- Expansion into tier II cities, where labor costs are lower, further enhances our low-cost advantage
- We utilize the expertise of our team along with technology tools for cost estimations and contract pricing
- Our ability to deliver high-quality solutions ensures better pricing power

Business expansion

The inability to secure new orders and enhance our workforce's bandwidth will result in stagnation. Additionally, we face the challenge of contractual clauses that may restrict our ability to offer services to different customers.

- We continually enhance our workforce by attracting and retaining talent to execute projects. In FY 2023-24, 251 people were added
- We have successfully enabled clients to achieve tangible outcomes with our solutions, leading to sustained repeat and new orders
- Our diverse technology and vertical capabilities enable participation in several new opportunities. In FY 2022-23, we acquired Sri Mookambika Infosolutions, strengthening our healthcare vertical and aligning well with our Product Engineering Services business
- We have expanded our expertise and global footprint with the acquisitions of PureSoftware and Aureus in early FY 2024-25. PureSoftware adds 1,200 professionals to Happiest Minds, enhancing its presence in the BFSI and Healthcare and Life Sciences sectors, and extending its geographical reach in the USA, UK, India, Mexico, Singapore, Malaysia, and Africa. Aureus, bringing 150 specialists and headquartered in Denver with a development center in Hyderabad, strengthens Happiest Minds' capabilities in digital transformation through Data, AI, and Application Modernization, particularly for the Insurance, Re-insurance, and Healthcare sectors

Operational Risks

Risks

Talent availability

We depend on our talent to deliver solutions to clients. The inability to attract and retain talent may impact business opportunities.

Mitigating actions

- We are based in India, providing access to a large pool of talented engineers. Our robust talent management program enables us to hire the right talent and enhance their skills
- We offer learning and development programs to ensure continuous upskilling and provide enhanced career opportunities
- We run several wellness programs, offer benefits, and provide industry-standard compensation to ensure higher retention

Optimal resource utilization

The inability to maintain high resource utilization and productivity will impact profitability.

- We consistently achieve high resource utilization by promptly transitioning our people from completed projects, accurately forecasting demand, and deploying the right resources to the right projects
- Increased demand for IT products and services will further improve utilization as more business opportunities arise

Contractual commitments and project delivery challenges

The inability to uphold contractual commitments may lead to the termination of agreements and affect future business opportunities.

- We ensure high-quality control and process execution standards, effective resource utilization, sustained client engagements, and high productivity levels to deliver projects
- Our solid team of engineers and partnerships with leading global vendors enable us to deliver high-quality products and services as per terms and within the stipulated time frame

Legal and Regulatory Risks

Risks

Compliance with local legislation

Non-compliance with the local laws of the regions in which we operate may lead to litigation or license cancelation.

Mitigating actions

- We have stringent policies and checks, along with an integrated compliance tool, which ensures good governance and compliance with local laws. This is supported by timely reminders and alerts
- We consult and seek guidance from professional experts in certain cases for the correct interpretation of local laws

Restriction on immigration or work permits

We depend on our Indian personnel to provide onsite support to clients. Any geopolitical tension or unfavorable changes in immigration laws may impact project delivery.

- The current immigration scenario is mostly conducive in the countries where we operate. We continuously monitor local immigration laws, including any regulatory changes or events due to geopolitical reasons, to plan our activities accordingly
- We monitor the time and effort spent by our people onsite to avoid tax incidents

Data privacy and information security risks

The inability to ensure customer data privacy and protect systems or clouds from cyberattacks may expose us to litigation risks.

- Happiest Minds' security and privacy policies and procedures are based on the ISO 27001 security standard and ISO 27701 privacy standard. These standards comply with data privacy regulations such as the EU's General Data Protection Regulation (GDPR) for the data protection and privacy of EU residents, the California Consumer Privacy Act (CCPA) for the privacy rights of Californian residents, and the upcoming Digital Personal Data Protection Act, 2023 in India
- In addition to our organization's compliance with ISO standards, we regularly assess our cybersecurity risks and have adopted multiple cybersecurity standards, including NIST, CIS, and Zero Trust architecture, to ensure prevention, detection, and response to any cybersecurity threats
- We adhere to stringent regulations for handling customer data, which all Happiest Minds follow along with a written confidentiality agreement. Furthermore, all members and partners are required to attend mandatory security and privacy awareness programs to ensure compliance

IP risks

The inability to protect our intellectual properties (IPs) may lead to missed opportunities. Furthermore, we also face risks of non-compliance with third-party open-source software terms or IP infringement claims against our solutions, which may result in discontinuation of services to clients and fines.

- We utilize licensed third-party commercial software, monitored by our in-house team, to mitigate issues of infringement, warranties, or other contractual protections. Open-source tools are used in certain cases with prior verification and approval by the IT/legal team
- We ensure the development of novel solutions and protect our technical know-how by registering intellectual property and undertaking confidentiality obligations from all stakeholders involved in projects
- We take necessary insurance to mitigate any eventualities related to IP risks
- All Happiest Minds are made aware of IP protection and sign IP declarations upon joining

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BUSINESS SEGMENT REVIEW

BUSINESS SEGMENT REVIEW

Product & Digital Engineering Services

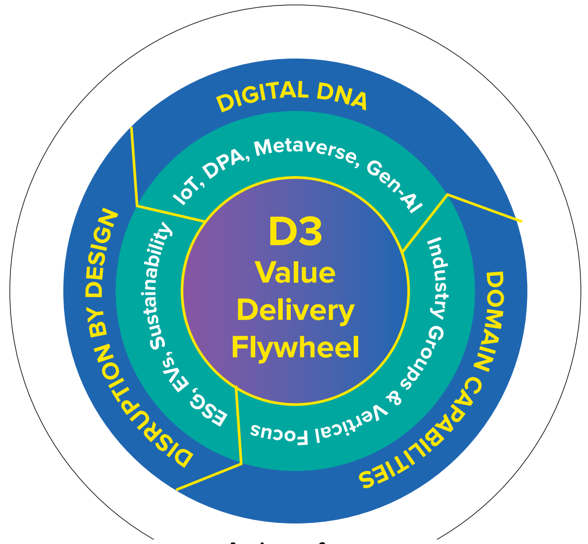
In FY 2023-24, Happiest Minds underwent a major transformative change by integrating its two largest business units to create greater synergies and customer value. The integrated business unit, known as Product & Digital Engineering Services (PDES), is primed to drive product innovation and large scale digital transformation programs for customers across our chosen industry groups.

Another significant change this year is the establishment of dedicated Industry Groups (IGs) intended to bring about greater vertical focus and expertise, enabling the identification and resolution of the most unique challenges across industries. The Product & Digital Engineering Services business unit will oversee these 6 industry groups, which include:

- Banking, Financial Services & Insurance
- EdTech
- Healthcare & Life Sciences
- Hi-Tech and Media & Entertainment
- Industrial, Manufacturing, Energy & Utilities
- Retail, CPG & Logistics

The growth of each Industry Group (IG) will be led by an IG Head possessing a profound understanding of their industry and extensive knowledge of leveraging digital technologies to enhance business value for customers. The IG Heads will be responsible for managing the P&L and conceptualizing digital solutions, including Gen-AI, to assist our customers in developing products, platforms, and experiences that are future-ready.

These two strategic changes complement our roadmap of creating and delivering greater value to our customers, enabling them to directly benefit from our Digital DNA, Domain Capabilities, and Disruption by Design approach. The combined value we deliver through this approach is effectively highlighted in our D3 Value Delivery Flywheel.



A view of our
D3 Value Delivery Flywheel

Our Vertical Focused Offerings

We offer diverse, customized, and carefully curated services that meet the unique requirements of the following industries:

Banking, Financial Services & Insurance

Happiest Minds has successfully leveraged its domain understanding and technology expertise to execute successful digital transformation programs that create sustainable differentiation for leading banks, financial institutions, and insurance carriers across the globe. Happiest Minds serves BFSI clients in the areas of Lending & Leasing, Real-Time Payments, P&C (Property and Casualty), Life & Annuity (L&A), and MGAs & Brokers.

Our Offerings

- Business & IT Consulting
- Marketing Analytics
- Digital Process Automation from Front to Mid to Back Office leveraging our LCAP platforms
- Analytics & visualization
- Business-specific Application Development, Maintenance, Support
- Intelligent test automation and engineering
- Secure managed services
- GRC (Governance, Risk and Compliance)
- Helping customers in their ESG (Environmental, Social and Governance) journey

EdTech

EdTech is a primary vertical for Happiest Minds and includes all subsegments from Pre-K and K-12 to higher education, professional learning, workforce development, and lifelong learning. We serve the education market by offering technology services that facilitate:

- The development of digital campus systems, impacting prospective students, current students, and alumni
- End-to-end learning platforms
- Learning delivery engines to enhance the learning experience
- Assessment solutions for improved knowledge tracing
- Analytics for tracking learner behaviour and institution-wide business intelligence

We achieve this by collaborating with publishers, learning companies, EdTech firms, institutions, and schools.

Our Offerings

- Digital/AI-enabled learning
- Learning platforms
- Assessment systems
- Education CRM
- Big data for education
- Learning credentials & integrity
- Digital campus

Healthcare & Life Sciences

Happiest Minds' HLS business is focused on helping organizations deliver better care outcomes and create more empathetic patient experiences. We strive to be the partner-of-choice to power the Digital NXT by bridging the digital chasm and delivering innovative technology solutions that meet the complex needs of modern Healthcare, Life Sciences, and MedTech companies. The HLS IG is specifically focused on creating value for segments such as Healthcare Providers, Health Tech, Pharma, Biotech Research, Lab Tech, Medical Diagnostics, Point-of-Care, and Digital Businesses.

Our Offerings

- Digital Front Door
- Connecting Healthcare Enterprises
- Healthcare Data Democratization & RWE
- Operationalizing DCT/Digital Trials
- Modernizing Commercialization
- Medical Device Engineering
- Cybersecurity in Healthcare
- Core System Modernization

Industrial, Manufacturing, Energy & Utilities

Happiest Minds maximizes digital opportunities for its customers in the segments of Industrial, Manufacturing, Energy, and Utilities. We collaborate with customers across varied stages of their digital maturity journey, assisting in modernizing core systems and leveraging our 360° chip-to-cloud offerings to deliver quantifiable results across the value chain of Industrial Products, Industrial Operations & Systems, Automotive, Process Manufacturing, and the Energy and Utilities segments.

Our Offerings

- Next Gen Connected Products
- Digital Plants
- Digital Customer Experience
- Automotive Vehicle Services
- Digital Enterprise

HiTech, Media & Entertainment

As part of the Hi-Tech landscape, Happiest Minds collaborates closely with companies developing software and hardware products for industries such as enterprise or consumer software, semi-conductors, networking, telecom, and consumer electronics. We work extensively with ISVs, Device OEMs, and Product companies to help them create robust, market-ready offerings that are future-proof and primed to add value. The Media & Entertainment segment is also included in this industry group, where we assist several media and entertainment companies in building next-generation products, platforms, and digital systems that drive highly personalized end-user experiences at scale.

Our Offerings

- Platform development and modernization
- Integrated customer and user experience
- FPGA, Hardware, and Embedded Engineering
- Networking and Edge Computing
- Video Engineering and content management
- Ad-Tech engineering and analytics

Retail, Consumer Packaged Goods & Logistics

Happiest Minds assists retailers as well as CPG enterprises in better understanding consumer behavior and uncovering business opportunities to enable top-line and bottom-line growth. Our retail & CPG ecosystem-led solutions not only enhance customer experiences and maximize share of wallet but also significantly streamline operations across the enterprise and supply chain.

Our DXT (Domain, Experience, and Technology) approach brings these three components to life to ensure informed, appropriate decisions across the entire value chain, including planning, scheduling, monitoring, and managing inbound and outbound logistics, retailing, last-mile fulfillment, and consumer purchase.

Our Offerings

- Connected Enterprise
- Elevated Consumer Experience
- Enterprise Modernization
- Digital Automation
- Enterprise Data Governance (MDP, CDP, PIM & DAM)

CASE STUDY #1

BFSI: Transforming a Cloud-lending Platform for an US-based Lending Firm

Business challenge

The client faced issues with a high volume of loan applications, adversely impacting conversion rates. Additionally, inefficiencies and scalability issues arose as loan origination and payment processes were not automated.

Solution

We employed a consulting-driven approach to conduct business and technical analysis, to enhance and automate business processes and batch processing. Leveraging our deep understanding of the lending industry, we assisted the client in implementing and migrating business processes to the Salesforce cloud lending platform. We automated loan scoring, origination, debit card payment processing, and ACH batch processing while enhancing the web portal for online payments.

Impact

Automation in origination and credit scoring resulted in increased application conversion rates with an average of more than 10,000 applications being processed. Automation of payment processing resulted in scaling up the processing volume by 50x. Service Cloud Implementation yielded 30% performance improvements in the nightly jobs while Live Chat Implementation helped reduce the Instant Bank Verification dropouts.

Processing volume increased by

50x

CASE STUDY #2

EdTech: Data Modeling for accurately predicting Student Performance & Drop-out Rates

Business challenge

The client, a leading provider of learning solutions, observed a decline in student performance due to changes in evaluation procedures emphasizing critical and analytical thinking. Consequently, they sought reliable methods to identify at-risk students and implement corrective actions.

Solution

Happiest Minds developed a solution utilizing various classification models, incorporating a prediction engine to accurately identify at-risk students. The solution featured a visualization layer enabling easy trend showcasing regarding student performance, aiding instructors and administrators in taking corrective actions efficiently.

Impact

Consequently, the client could comprehend diverse sets of student data, continually calibrate the learner model with new information, and effectively reduce dropout rates by 15-20%.

Student dropout rates reduced by

15-20%

CASE STUDY #3

Healthcare: Modern Data Platform for a leading Healthcare Service Provider

Business challenge

The client is a leading healthcare service provider who assists millions of consumers to find and schedule appointments with their preferred healthcare professionals, along with preparing for appointments through best-in-class, treatment-focused content. However, the client faced challenges due to functionally outdated data mart systems and legacy data warehouses, negatively impacting scalability and hindering business growth.

Solution

Happiest Minds leveraged its robust expertise in building enterprise solutions, coupled with a nuanced understanding of data governance in the healthcare industry segment, to construct a scalable data platform with self-service analytics on an advanced tech stack. The solution enhanced data quality through improved business standardization, enabling the client to gain deeper insights into user behavior and patterns through business analytics and self-service reporting.

Impact

The healthcare domain-centric Modern Data Platform provided 2x faster insights about user behavior. The solution improved customer and marketing reach and penetration by 1.5x times. There was a notable improvement in product analytics, such as feature and marketing outreach, while driving enhancements in product roadmap alignment. Transforming the legacy tech stack resulted in significant cost savings of up to 50%.

2x
Faster insights about user behavior

CASE STUDY #4

Hi-Tech and Media & Entertainment: Enabling Fraud Prevention in Digital Ad Measurement & Delivery

Business challenge

The client, a leader in the rapidly growing online advertising market was looking to establish the highest levels of trust and transparency with its metrics, expand into new segments like CTV-OTT, and achieve requisite MRC accreditations.

Solution

Happiest Minds utilized its strong expertise in quality engineering, coupled with a nuanced understanding of the online advertising ecosystem, to assist the client in generating highly accurate metrics for various ad delivery platforms. Additionally, mind maps developed by Happiest Minds enabled advertisers to comprehend and review user journeys, thereby improving ROI for brands and agencies.

Impact

We aided the client in reducing the time required to achieve critical MRC accreditation by 50% and became the first to launch ad-measurement solutions for C-TV and OTT platforms. Additionally, the scalable framework built to accommodate multiple ad networks and new products resulted in a 40% increase in measured transactions and unlocked significant new revenue streams.

40%
Increase in transactions measured

CASE STUDY #5

Industrial, Manufacturing, E&U: Digital Transformation for a North American Chemical Major

Business challenge

The client is a global specialty chemical company and was looking to leverage digital technologies to enhance its chemistry solutions, improve inventory management, generate contextual insights and equip senior leadership with the necessary information to compete more effectively with larger players.

Solution

Happiest Minds initiated a 3-month consulting exercise to acquire a 360-degree view and expanded the platform's capability across various business segments using an agile and iterative approach. Visual mapping of contextual data ensured the digitalization of key processes associated with the diverse industries served by the client.

Impact

The utilization of Azure ML features for predictive analytics resulted in efficient SLOB inventory management, a 90% reduction in freight rush, and a saving of 15 minutes per order for sales associates. High-quality reports provided to the client's C-suite and BU leaders improved plant utilization and enhanced operational excellence.

90%
Reduction in freight rush

CASE STUDY #6

Retail, CPG & Logistics: Blockchain-enabled Platform for Trading of Pre-owned Luxury Watches

Business challenge

The client is a leader in selling luxury merchandise with an average transaction size of more than US$10,000. They were looking to expand into new geographic markets, provide personalized experiences to premium customers, enable greater transparency and visibility across the enterprise and make vouchers fully digital and redeemable across the world at partner stores.

Solution

Happiest Minds utilized Blockchain as a key technology component to meet the client's requirements for transparency, immutability, and reconciliation. We developed smart contracts for automated reconciliation of transactions between partners and the client, while implementing Salesforce Commerce Cloud to support global expansion efforts by providing greater localization.

Impact

We enhanced customer engagement with greater personalization, resulting in a 10% increase in average time spent on the site. Lead time to onboard new partners globally reduced by 5%, significantly accelerating expansion into new geographic markets. Lastly, enabling voucher management through smart contracts reduced the reconciliation process lead time by 5-7%.

10%
Increase in average time spent online by shoppers

BUSINESS SEGMENT REVIEW

Generative AI Business Services

We stand at the forefront of the transformative wave propelled by 'Generative AI', which is pivotal in reshaping contemporary business dynamics and fostering advancements in information access, innovation, and operational efficiency. Leveraging our expertise in consulting, R&D, and testing, we develop customized roadmaps for seamless technology integration, serving the customers as an innovation catalyst to achieve tangible business objectives.

Harnessing the Full Potential of Generative AI Through

Consulting

- Strengthening AI strategy through tailored guidance
- Establishing a Center of Excellence (CoE) for Generative AI to ensure effective governance and strategic alignment
- Offering assistance in developing a comprehensive Generative AI roadmap

Engineering

Driving innovation with our R&D teams, specialists in co-engineering and customizing Generative AI solutions to meet unique business needs.

Testing

- Ensure precision and security through automated testing services
- Validating accuracy and reliability of Generative AI models & solutions

Infrastructure Management & Support

Providing end-to-end infrastructure management of Generative AI solutions, from provisioning to maintenance, streamlining the operations.

Our Generative AI Value Chain Comprises Essential Components such as

Services

- Integrating Generative AI applications with human expertise, aligning with key objectives and utmost quality standards
- Our team oversees, monitors, and refines solutions utilizing Generative AI

Generative AI Applications

Developing practical tools and applications driven by Generative AI models to solve real-world problems and enhance user experiences.

Custom Large Language Models

- Empowering content generation, process automation, and precise predictions, ensuring relevance for individual organizations

Domains we serve

As a trusted technology partner, we assist our customers in creating Generative AI-based solutions across different domains.

Retail & CPG

- Product Marketing & Advertising
- Customer Service & Experience
- Supply Chain

EdTech

- Assessment Validation & Generation
- Micro-Learning Content Generation
- Virtual Tutor

Hi-Tech

- Field Service Operations (Networking & Telco)
- Customer Support
- Product Security

Media & Entertainment

- Content Localization & Translation
- Audio Enhancement & Correction
- Advanced Deepfake Detection

Industrial & Manufacturing

- Field Technician Support
- Product Guide & Recommendation
- Contract & Supplier Use cases

BFSI

- Information retrieval for customer services and sales
- Fraud Claim Detection and Insurance Policy Knowledge Management
- CUSIP-Based Analysis for Financial Instruments

Healthcare & Life Sciences

- Automation of Product, Scientific and Biomedical Literature Search & Retrieval Workflows
- Consolidate and summarize patient information

Energy & Utilities, Resources, Oil & Gas

- Field Service Support
- RFPs Generation and Comparison
- Regulatory and Compliance Report Generation

Infrastructure

- Infrastructure Services for Gen AI Workloads
- Virtual Agent for IT Service Desk
- IT Service and Operations Management

Security

- Risk Proof TPRM and Compliance Audits, Faster Threat Detection & Threat Hunting
- Vulnerability Assessment & Reporting

OUR SUCCESS STORIES

#1 Generative AI Healthcare Chatbot Implementation

In collaboration with a leading global knowledge enterprise offering credible health and wellness insights in India, we developed a groundbreaking Generative AI healthcare chatbot. This innovative solution is capable of answering user queries across the website's extensive database of articles on one hand, while boosting user engagement and driving ad revenue generation on the other.

Impact

The enterprise foresees a substantial enhancement in user satisfaction and efficiency in accessing pertinent information. By leveraging the chatbot's capabilities, they aim to channel a majority of user searches to the interactive interface, thereby reducing the time required to obtain relevant information.

60%
Searches diverted to the chatbot, resulting in increased customer satisfaction

50%
Decrease in time to get relevant information

#2 Generative AI-Powered Incident Analysis and Knowledge Enhancement Implementation

We have undertaken a project for a prominent travel company to enhance their knowledge base system and implement a predictive algorithm powered by Generative AI. This initiative aimed to analyze future incident impacts and develop a user-friendly interface for efficient incident impact information retrieval.

Impact

The integration of Generative AI capabilities enables swift access to crucial data points, thereby expediting ticket resolution processes. Additionally, the implementation facilitates enhanced user query solving, ultimately leading to improved issue resolution and customer satisfaction.

#3 Digitization of Asset Maintenance Plan for an Energy Major

For a prominent energy major, we have digitized their plant blueprint documents using advanced technologies such as image processing, Natural Language Processing (NLP), and Optical Character Recognition (OCR). Leveraging OpenAI APIs, we automated the understanding of plant maintenance requests and created customized maintenance plans based on these requests and corresponding plant blueprints.

Impact

The implementation resulted in a significant reduction in maintenance planning time. Additionally, the workforce for maintenance activities was empowered with valuable insights, contributing to improved decision-making and resource allocation.

30%
Achieved reduction in maintenance planning time

#4 Automatic Job Description (JD) Creation for a Metal Major

We have developed an automatic Job Description (JD) creation solution for a leading metal major based on key requirements such as Business Unit (BU), skills, goals, and objectives. Leveraging the ChatGPT API, the system generates detailed descriptions for each goal and objective. Integration with the Company database enriches JDs with Company Key Result Areas (KRAs), head counts, and contextual information.

Impact

The implementation resulted in a reduction in hiring time along with a reduction in time for JD creation, enabling faster and more accurate job postings.

18%
Hiring time reduction achieved

400%
Reduction achieved in JD creation

#5 Customer Query Bot Implementation for an Insurance Major

We have developed a customer query bot for a leading insurance major designed to provide information about products, address queries, and manage complaint tickets. Utilizing OpenAI APIs, the bot efficiently understands and processes customer inquiries. Integration with ITMS, Teams, Slack, and other platforms ensures seamless communication and support.

Impact

The implementation led to an impressive reduction in the time required to handle customer Level 1 (L1) requests, significantly improving responsiveness and efficiency in customer service operations.

80%
Time reduction in customer L1 request handling

Read more:
https://www.happiestminds.com/services/generative-ai-business-services/

BUSINESS SEGMENT REVIEW

Infrastructure Management and Security Services

Our Infrastructure Management & Security Services offers end-to-end monitoring and management and secure ring-fencing of customers' infrastructure and applications. We provide 24x7 production support and managed security services for enterprises and technology companies. Our expertise is in automating business and IT operations with the DevSecOps model and providing world-class NOC/SOC services, ensuring safe, secure, efficient, and productive data centers, cloud infrastructure, and applications.

Our Capabilities

	Consulting Services	Transformation Services	Manage Services
Cloud & Data Center	Cloud Strategy Datacenter Transformation Infrastructure & Application Modernization	Hybrid Cloud Design, Build & Migration Datacenter Design, Build & Migration DevSecOps Integration	Cloud Managed Services Datacenter Managed Services DevOps & FinOps Support Services
Databases & Application Platforms	Database Migration & Consolidation Strategies Database Security & Process Assessments	Database & Middleware Design & Build Database Migration & Modernization Database Security & Compliance Setup Database Performance Tuning and Restructuring	Database, Middleware and Application Platform Support Database Engineering Support Reporting & Insights
Digital Workplace	Strategies for SDN, SDWAN Network Optimization Database Security & Process Assessments	Derailed Network Designing Network Deployment Planning Network Deployment, Migration and Validation	Network Operations (NOC) Network Engineering Support IP Telephony, Audio and Video System Monitoring and Support
Enterprise Networking	End-user Device Analysis Cloud Services Adoption Strategies End-user Automation & Analytics Use Cases	Device Refresh & OS Migrations Directory Services Migration UC & Collaboration Migration DaaS Implementation	End User Service Operations Desktop Engineering Services Service Desk
ITSM & ITOM Tools and Platforms	Tool Consulting UX/EX Driven Recommendations IT Process Consulting	Tools Consolidation Tools Implementation, Integration & Migration	Tool Platform Maintenance Tools Customization and Engineering Workflow Automation

Strategy & Consulting

- Digital Risk & Compliance
- ZTA Readiness
- Control Automation (Archer, SNOW)
- BCP/DR Consulting
- V-CISO as a services
- Attack Simulation Testing
- AI Security Assurance
- Cyber Strategy and Organization
- Data Privacy
- Cloud Security Assessment

Managed Security Services

(Support, Remediate & Enhance)

- MDR & XDR -24*7, 16*5, 8*5
- SOAR as a Service
- TI & Brand Monitoring as a service
- IR as a service
- OT/IT integrated security monitoring
- Security Device Management
- UAM Manual Support
- Attack Surface Management
- Cloud SecOps

Transformation & Professional Services

Identity Security

- Strategy & Advisory
- Implementation (PAM, IAG, IDaaS)
- Identity Centric Zero Trust
- Data Security & DLP

Cloud Infra Protection

- CSPM, CNAPP
- Segmentation
- SASE & ZTN NG FW & Network Security Assurance

Threat & Vulnerability Management

- Infrastructure Security Testing
- Application Security Testing
- End-to-End VM
- DevSecOps

OT Security

- OT Risk Assessment
- OT/IoT Security Threat Management
- OT Security Monitoring & Response

Powered by IPs & Solution Accelerators

ELLIPSE Platform | Cloud Adoption Framework | Infrastructure Maturity Modeling | Intelligent Chatbot | CRPP Platform | Identity Vigil | Threat Vigil | ASOC

CASE STUDY #1

Delivering End-To-End Infrastructure and Security Services for a leading pharmaceutical company

Mitigating the pressing challenges faced by a leading pharmaceutical company such as lack of visibility over air-gapped and standalone devices, inefficient patching procedures, absence of real-time threat monitoring, and regulatory compliance issues.

Impact

We introduced industry-standard tools for patching and managing GxP devices, covering 5,000+ servers and 30,000+ end-users. Our automation efforts reduced manual tasks and improved internal auditing processes.

Our long-term strategy

We developed a strategic roadmap to enhance the NCA score and made significant policy and procedure changes based on identified gaps. We also conducted ongoing cybersecurity maintenance activities to ensure the continual safety and security of our clients' systems.

Value Delivered

24+
Tracks across core infrastructure, network security, database, middleware & application support

More than 25%
Project savings achieved

>95%
Compliance increased for end-user devices from 80%

11,500+ endpoints
Integrated with Next Gen Protection to monitor the real-time threats

4,000+
Privileged accounts secured

25,000+
IAM tickets resolved

CASE STUDY #2

Technology Operations and Security Partner for US Financial Service Organization

Partnering with a US financial service organization to deliver operational and transformational services, enhancing their service management, governance, and provide continuous support for their Security Operation Center (SOC) to manage and address incidents.

Impact

We deployed a team of experts to deliver comprehensive remote Infrastructure Management and L1/2/3 Services. We also implemented ServiceNow and provided ongoing support, offered consultation on Business Continuity Planning/Disaster Recovery (BCP/DR), managed SCCM and Vulnerability, and provided Identity and Access Management (IDAM) Support to fulfill security requirements.

Value Delivered

95%
Increased NOC FCR from 75%

>90%
Increment in patch compliance from 55%

300+
Discovery schedules aligned based on location

Minimizing effort for incident handling
Through redefined incident escalation and review process

Glimpses of FY 2023-24

Run Miles Bring Smiles

BLITZ Booths 2024

BLITZ Finale 2024

Glitz - Happiest Minds Annual Awards

GPTW Top 100 India's Best Workplaces 2023

'Top Firms to Work for in AI & Analytics' and Sridhar Mantha recognized as 'AI Leader of the Year' at the 3AI ACME Awards

100 Best Companies for Women in India 2023 by Avtar and Seramount

Happy+ Happiness and Wellbeing Conclave 2023

Ashok delivering Industry Icon address at AI Strategies NASSCOM Summit

Happiest Minds' Integrated Annual Report 2022 wins Gold at the SAFA Best Presented Annual Report Awards

'Trailblazers of 2023' at the APAC IBM Partner Plus Awards

100 CISO forum - Summit and Awards, Dubai

ESG

Environmental, Social and Governance

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MD's Letter

We are earnestly evaluating all possibilities to nurture a workspace that is both eco-friendly and environmentally conscious, striving to improve our current practices.

It has been a year of transformation for Happiest Minds, our partners, customers, and investors.

Throughout this year, we have made significant progress in integrating new technologies and dedicating efforts to various ESG initiatives. We have earned the distinguished title of 'ESG Champions of India 2024' by Dun & Bradstreet, a remarkable addition to our achievements.

As we gear up to realize our Vision 2031, we stand by our meticulously designed ESG framework. We are earnestly evaluating all possibilities to nurture a workspace that is both eco-friendly and environmentally conscious, striving to improve our current practices.

Understanding the increasing importance of ESG, we have integrated ESG factors into our business strategies. This helps us identify and mitigate risks, discover cost-saving measures through energy efficiency and waste reduction, stay compliant with existing regulations, anticipate future regulatory changes, enhance brand reputation, attract investors, and foster customer satisfaction.

Every year, we hold strategy meetings to thoroughly evaluate both the successes and areas for improvement from the past year, as well as to chart the course for the next financial cycle. We actively solicit queries and suggestions, acknowledging the importance of every perspective. These contributions play a crucial role in guiding our informed decision-making processes and shaping our plans for the forthcoming financial year.

ESG, standing for Environmental, Social, and Governance, is a cornerstone of your Company.

ENVIRONMENTAL

Your Company's environmental considerations involve reducing the carbon footprint associated with data centers, servers, and electronic waste. Our initiatives include optimizing energy efficiency, utilizing renewable energy sources, and minimizing electronic waste through responsible product lifecycle management. Furthermore, we are engaging in quarterly sustainable community outreach initiatives like planting trees to raise awareness of the environment. In our pursuit of ESG excellence, we are working towards our goal of achieving carbon neutrality by 2030.

Under the d'Carbon initiatives, we have undertaken:

- Solar Power Generation of 1,773.21 Giga Joules
- Zero Liquid Discharge at all our facilities, reinforcing our commitment to sustainable water management
- Waste Management and Reduction:
  - Electronic Waste recycling - 1.5 Metric Tons
  - Construction and Demolition Waste diverted from landfills - 82.5 Metric Tons
  - Non-Hazardous Waste reduction - 3.96 Metric Tons
- Sustainability Awareness Initiatives: We regularly conduct awareness programs on sustainability for our internal stakeholders to foster an environmentally conscious culture within our organization

SOCIAL

The social aspects of your Company encompass various factors such as well-being, diversity and inclusion, data privacy, and community engagement. These include implementing policies to ensure fair treatment, nurturing a diverse and inclusive workplace culture, safeguarding user privacy, and engaging with local communities through philanthropic initiatives and volunteering programs. Additionally, we prioritize maintaining a vibrant online and social media presence. It is imperative for us to effectively communicate our achievements, acquisitions, and accolades to our entire community, including our people, shareholders, and other stakeholders. This fosters engagement and transparency across all levels of our organization.

In our ongoing efforts to contribute to societal well-being, we have donated 15,23,743 meals to the Akshaya Patra Foundation, bringing our total contributions to 10 million meals till date.

GOVERNANCE

Governance focuses on the internal processes, structures, and practices that guide decision-making within the organization. For your Company, strong governance involves transparent and ethical business practices, effective risk management, compliance with data protection and cybersecurity regulations, and accountability to shareholders and stakeholders. We are looking forward to incorporating sustainability practices into our top suppliers to penetrate sustainability throughout our supply chain. We are working towards ensuring 50% of our suppliers adhere to our sustainability standards by 2027.

I would like to thank you for your continued support in this journey of creating a sustainable organization. We will continue to generate long-term value for all our stakeholders, instilling confidence and a sense of pride in your Company.

Sustainability at Happiest Minds

Sustainability stands as the cornerstone of our organization's strategy, driving our objectives for accelerated growth in ESG (Environmental, Social and Governance). Prioritizing purpose above profits, Happiest Minds demonstrates a clear commitment on staying at the forefront of ESG, with leadership actively overseeing sustainability management and its impact on the business operations. Our recent achievement of being listed under 'ESG Champions of India 2024' by Dun & Bradstreet exemplifies our focused approach towards sustainability. Our ESG policies and frameworks are strategically designed and executed to deliver greater value for all stakeholders, especially the environment at large.

Sustainability Framework and Approach

Our sustainability framework is crafted to advance sustainable business practices with a targeted emphasis on addressing climate change. Upholding the principles of good governance, we are committed to driving positive societal change while pursuing our ambitious goal of achieving carbon-neutrality by 2030. To realize this objective, we identify and continuously monitor key aspects such as climate change, emissions, air and water quality, waste management, and energy consumption. Specific interim goals and targets aligned with these metrics, are established to progress towards our overarching carbon-neutrality ambition. These metrics are disclosed through Business Responsibility & Sustainability Reporting (BRSR). Additionally, we plan to disclose our sustainability KPIs through the Science-Based Target initiative (SBTi), and Climate Pledge, rated by Ecovadis, and the Carbon Disclosure Project (CDP) aimed at providing comprehensive information to all stakeholders. This approach plays a significant role in influencing investors and market decisions and portrays Happiest Minds as a trusted partner among our customers.

Sustainability Governance

Happiest Minds leadership is responsible for overseeing sustainable development within the organization through board oversight, risk management, stakeholder management, transparency and disclosures practices. Our ESG policy is founded on the principles of transparency, ethical conduct, and adherence to legal and regulatory frameworks, fostering a culture of integrity and accountability for our people, customers, and communities. Our ESG committee oversights the policies, processes, and initiatives ensuring alignment with achieving our sustainable goals. Through our sustainable governance practices, we aim to create long-term value for our shareholders, and make meaningful contribution to the society, fostering a sustainable future for our planet.

Contribution to UNSDGs

Our Sustainability Initiatives	UN SDG	IMPACT
Safe Drinking Water for Drought Region	6	Affordable, safe drinking water available to beneficiaries reduces the risk of waterborne diseases.
Large Tree Plantations	13, 15	500 saplings planted to enhance green cover and environmental stewardship. Planted 10,000 saplings to restore wildlife habitat in Ramtek Tiger Reserve, Maharashtra, and 25,000 saplings to improve forest cover and air quality in Delhi in FY 2023-24
Skill Development Initiative	5, 10	Project Puthri initiative for girl children in government schools.
Renewable Energy	7, 12, 13, 15	Rooftop solar plant in our Bengaluru offices, contributing to 10% of green energy. Plan to expand 100% green energy before 2030.
Waste Management	12, 13, 15	100% of our pantry food waste is composted and used as manure for our gardens. Have considerably reduced the usage of disposables like tissues, paper cups, plastic packaging, etc., through the cup & kerchief initiative.
Water Management	12, 13	Sensor-based water taps to reduce water consumption. 100% wastewater is recycled through STP and used in our washrooms and watering plants.
Rural Electrification	5, 7, 8, 11	100 households will be electrified – Implementation of solar electrification will eradicate the use of kerosene lamps, as a result 2.6 metric tons of CO_2 will be reduced. 200 women will be covered under the financial inclusion program. In 12 months, 100 households will be electrified, and 2 women will be trained as solar engineers.
Social Forestry, Soil and Water Conservation	6, 13, 15, 17	Carbon sinks through water body restoration and indigenous plant species introduction, resulting in an improvement in farmers' productivity. More than 100 acres of barren land to be covered directly and indirectly in Chikkaballapur. 25,000 trees to be maintained. Around 5,25,000 kg of CO_2 to be absorbed per annum.
One Billion Drops	3, 6, 11, 13	Conservation of 1,28,10,000 liters of rainwater in Bengaluru. 100 percolation wells will be built in 2024. In the recent rains, about 6ft of water has percolated in 40 wells.

ESG KPIs

KPIs	Units	FY 2023-24	FY 2022-23	FY 2021-22
Total electricity consumption	kWh	39,69,007	3006262	113100
Electricity-renewable	kWh	4,92,559	141932	0
Total fuel consumption	KL	43.895	21.44	8.51
Total Scope 1 GHG emission	$MTCO_2e$	1242	57.37	27.68
Total Scope 2 GHG emission	$MTCO_2e$	2842	2374.95	879.35
Total GHG emissions (Scope 1 + Scope 2)	$MTCO_2e$	4084	2432.32	907.03
Scope 3	$MTCO_2e$	3295	NA	NA
Total water consumption	KL	9204.206	4173	984.22
Total hazardous waste disposed	L	0	600	0
NOx	mg/Nm3	15	46	49.6
SOx	mg/Nm4	7.5	9	7.1
Particulate matter	Ug/NM3	32.6	36	41.4
CSR spend	₹	226.27 Lakhs	333 Lakhs	215 Lakhs

Economic Value Created and Distributed

(₹ Lakhs)

Particulars	FY 2023-24	FY 2022-23	FY 2021-22
Revenue (a)	1,62,466	1,42,929	1,09,365
Other income (b)	8,416	3,502	2,463
Direct economic value generated (c) = (a) + (b)	1,70,882	1,46,431	1,11,828
Operating costs	26,411	26,028	21,194
Employee wages & benefits	1,01,469	80,681	62,000
Payments to providers of capital	3,408	1,558	343
Payments to government	9,518	8,508	6,310
Community investments	470	333	215
Economic value distributed (d)	1,41,276	1,17,108	90,062
Economic value retained (e) = (c) + (d)	29,606	29,323	21,766

ENVIRONMENTAL

Summary on Environmental Focus

Sustainability is ingrained in the very essence of our identity and operations. As stewards of the environment, we acknowledge the pivotal role that businesses hold in shaping a sustainable future. Our environmental initiatives predominantly focus on addressing climate change and prompting the utilization of green energy. Our disclosures exemplify our dedication to responsible stewardship and innovative practices.

Alignment to SDGs

UNSDG 13: Climate Action, UNSDG 7 - Clean and Affordable Energy

Amidst global calls for urgent action on climate change, it is imperative to recognize that climate risks could potentially affect the business growth of Happiest Minds. As a proactive measure, we are implementing various initiatives to transition to renewable energy, increase green cover, and implement carbon reduction initiatives. Recognizing the urgency to address climate change, we have set forth an ambitious goal of carbon neutrality across all our facilities and operations by 2030.

Environmental Strategy

Reducing our carbon footprint is at the core of our environmental strategy. Through a blend of energy efficiency measures, renewable energy investments, and transport optimization, we have made significant advancements in reduction in emission. Our objective is to achieve a 100% reduction in Scope 1, Scope 2 and Scope 3 compared to our baseline, and achieve carbon neutrality by 2030. Additionally, we optimize resource utilization throughout our operations to minimize waste generation and promote circular economy. We have also strengthened our supply chain to identify sustainable vendors who are eco-conscious and procure products that align with environmental considerations.

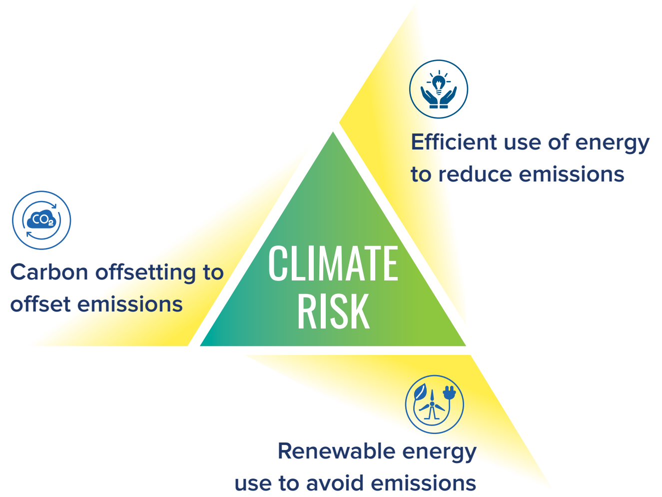
Key Environmental Initiatives

Energy Management

In the year 2021-22, we initiated our renewable energy journey by installing a rooftop solar energy system. This strategic move was primarily driven by the need to be 100% renewable before 2030. Also, certain internal infrastructural changes were implemented, such as transitioning from fluorescent to LED lamps. Currently, the Company utilizes about 10% renewable energy, leading to a noteworthy decrease in carbon emissions.

Climate Change Management

Our Approach to Carbon-Neutrality



Managing climate change boils down to dealing with three overarching issues:

- Climate change due to natural causes
- Climate change caused by human activities
- Climate changes due to societal consequences

Human activity has precipitated swift temperature fluctuations, leading to highly unpredictable outcomes such as droughts, heat waves, and floods. At Happiest Minds, we accord strategic significance to climate change in our engagements with stakeholders.

Our Carbon Offset Programs

About 3,985 $MTCO_2e$ could be a potential offset in 10 years through nature-based solutions across locations. More initiatives are in the pipeline to reduce around 625 $MTCO_2e$ of carbon this year (considering approximately 20kg of CO_2 per year, considered globally as a conservative estimate for sequestration potential of trees).

Through our rural electrification program, we are supporting communities with no access to power, thereby reducing 2.6 $MTCO_2e$ carbon emissions year-on-year.

Biodiversity

Nature is an integral partner in our journey towards sustainability. At Happiest Minds, we prioritize biodiversity conservation across all our operations through responsible land management and habitat preservation and promote bio-diversity-friendly practices. Through collaborative efforts with conservation organizations, we are actively engaged in initiatives to enhance understanding of flora and fauna and restore habitats in Karnataka. These endeavors aim to safeguard biodiversity, preserving the richness and diversity of life on our planet.

Value Chain Sustainability

Supply Chain

Sustainability is a team effort that extends beyond our own operations to encompass our entire supply chain. Through responsible sourcing practices, ethical labor standards, and supplier engagement initiatives, we are promoting sustainability throughout our value chain.

At Happiest Minds, we believe that transparency is the basic building block of trust, and our vendor's code of conduct is constructed upon this principle. It is paramount for us to procure goods and services from ethical and transparent vendors who prioritize environmental sustainability. Therefore, we diligently source from and engage with diverse suppliers to conducting thorough due diligence, supplier audits, and providing guidance on sustainability practices. Our procurement strategy is crafted to comprehensively support these initiatives end-to-end.

Key Initiatives Undertaken for Suppliers

We are implementing various initiatives and measures with an ESG focus, particularly in sourcing sustainable materials and services. Additionally, we prioritize programs aimed at fostering the growth of our suppliers alongside us.

- Promote supplier sustainability through training sessions, due diligence checks and audits
- Support existing suppliers to improve their compliance to environmental, social and governance standards
- Improve supplier diversity by giving preference to sourcing locally, from marginalized, vulnerable communities and women-owned businesses
- Impart green sourcing into supply chain to reduce, reuse and recycle, thereby minimizing the impact on the environment

Supplier Due Diligence

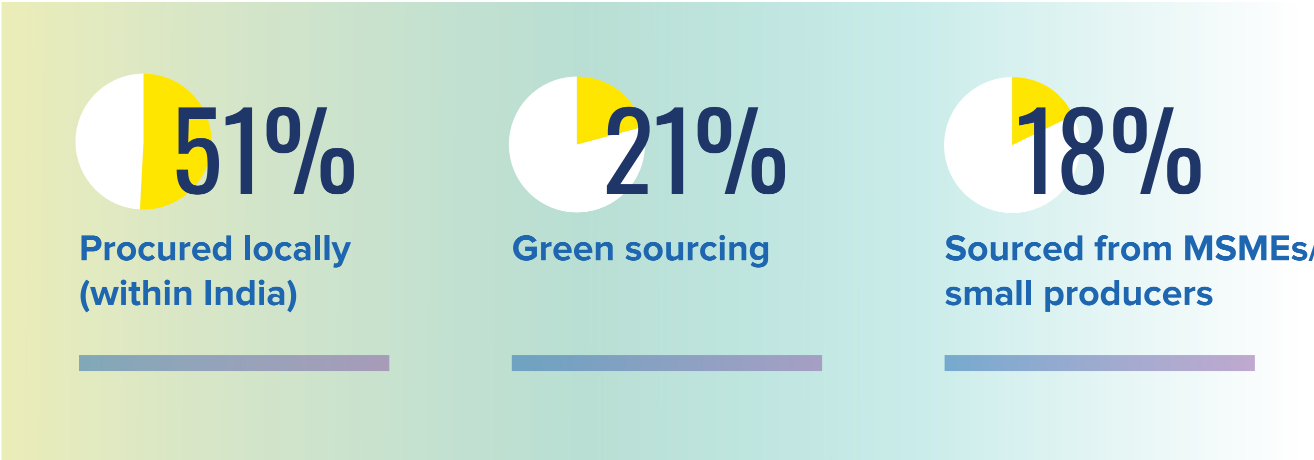
We strive to promote sustainability throughout our supply chain by collaborating with suppliers who share our commitment towards environmental responsibility. The subsequent phase in this endeavor involves conducting comprehensive and conscientious due diligence to identify and address on potential risks to the environment and stakeholder value. By 2028, we aim to ensure at least 50% of our suppliers adhere to our sustainability standards through continuous monitoring and audits, underscoring sustainability at every phase for resilience and enduring success.

Improving Supplier Diversity

Enhancing supplier diversity stands as a pivotal aspect of our dedication to inclusivity and equitable business practices. At Happiest Minds, we are making conscious efforts to improve diversity in the supply chain with a view to creating a robust supplier base from diverse backgrounds, including minority-owned businesses, and women-owned businesses. By fostering a diverse supplier base, we promote economic empowerment, training, innovation, and resilience within our supply chain through an seamless onboarding process.

Sustainable Sourcing

Sustainable sourcing is fundamental to our commitment to our environmental and social responsibility. We prioritize suppliers who adhere to ethical labor practices, minimize environmental impacts, and promote transparency throughout our supply chain. Happiest Minds is currently procuring 21% of our products and services through green sourcing. By sourcing materials responsibly, we aim to preserve natural resources, support local economies and create lasting value for businesses, suppliers and communities.



Supply Chain Management and Code of Conduct

Committed to upholding highest ethical standards, integrity, and environmental and social responsibility, we, at Happiest Minds, have published a mandatory code of conduct for the suppliers. The code of conduct defines the minimum standards in terms of sustainable, ethical sourcing and legal compliances a supplier is required to follow in association with the Happiest Minds. The standards encompasses ethical practices such as prohibiting child labor and forced labor, avoiding conflicts of interest, ensuring quality products and services, refraining from unfair trade practices, and demonstrating a commitment to environmental responsibility. Each vendor partnering with Happiest Minds is required to affirm their compliance with the code of conduct at the time of onboarding.

SOCIAL

“In the simplicity of giving, we find joy; in the warmth of passion, we discover happiness; and in the practice of mindfulness, we cultivate a life rich with meaning. Together, these elements weave a simple yet profound tapestry of a fulfilling existence. All this is a simple reflection of the love we share and the peace we cultivate within.”

Paul Jacob
Happiness Evangelist &
Senior Director - People Practice

PEOPLE

HR Framework and Approach to HR

Aligned with Happiest Minds' dynamic and ambitious growth trajectory, our People Practice (HR) strategy is designed to advance our organization towards doubling its size over the next three years. Centered on six key domains, our strategy aims to fortify our organizational prowess, cultivate an environment of innovation and care, and uphold our team's leadership in both technology and management realms.

Career Management

- Internal Job Posting (IJP) system – Ensures optimal utilization of our talent pool and find new challenges within the organization
- Cutting-edge learning platforms and customized development programs – Focus on targeted training and skilling initiatives
- HIPO (High-Potential employees) program – Helps in fast-track the development of future leaders

People Practice Technology

- AI and advanced analytics – Enabling data-driven decision-making regarding talent management, workforce planning, and employee engagement while significantly enhancing efficiency and effectiveness in managing human capital

Leadership Development

- Global Leadership Development Program – Led participants gaining invaluable insights and experiences across diverse markets and cultures
- Hogan Assessments – Tailor leadership development initiatives that hone the innate strengths of our leaders and mitigate potential derailers, ensuring a robust pipeline of leadership talent poised to take on global challenges

Compensation and Benefits

- Compensation packages – Cater to the diverse needs of our workforce, incorporating flexible benefits, wellness programs, and performance incentives
- Our comprehensive approach – Ensures our team feels valued and supported, directly contributing to their motivation and productivity

Organizational Culture

- Organizational culture – A reflection of our mission, vision, and values, brought to life through our daily operations
- Introduction of mindfulness practices and the emphasis on the 8 Cs of culture - Fosters an environment where innovation, collaboration, and a positive work-life balance flourish

Change Management

- Strategy – Focuses on mergers and acquisitions (M&A), culture building, and enhancing our Employee Value Proposition (EVP)
- Communicating changes – Engages our workforce in the transformation journey and reinforces our cultural values
- Integrated new teams and practices – Ensure they align with our overarching goals and values
- People Practice strategy – A combination of strategic career management, leadership development, cultural enhancement, technological advancements in HR practices, competitive compensation packages, and effective change management – Supports our ambitious growth plans

HR Strategy

The People Practice strategy at Happiest Minds stands as a comprehensive and multifaceted blueprint designed for growth and scalability of the organization. Comprising various key programs, it spans a breadth of initiatives aimed at enhancing organizational capabilities, leadership development, talent engagement, and cultivating a vibrant organizational culture.

Building Organization for Scale

- Enhancing global workforce capabilities through refined people practices, emphasizing benefits, engagement, and compliance
- Strategically preparing for M&A activities to ensure seamless integration of operations, personnel, and culture
- Strengthening compensation frameworks, especially for IMSS and the US, and tailoring benefits aim to boost retention across diverse employee segments
- Key initiatives like realignment of the center of excellence within the organization supporting change management, and fulfilling leadership roles

Developing Leadership & People Capabilities

- I3 Talent Transformation program and the Global Leadership Development Program (GLDP) to focus on leadership development
- Use of Hogan Assessments to move from self-reflection to action-oriented plans
- Launch of executive mentoring programs, creating talent advocacy teams, and rolling out specialized tracks for sales enablement and managerial development

Digital Transformation & People Analytics

- Introduction of MySmiles People Practice HRMS and the focus on people analytics and automation signify a major leap towards digital transformation in People Practice practices
- Automation of background verification processes, implementation of new systems and tools like Darwinbox, and enhancement of the use of AI in people practice programs underscore a commitment to leveraging technology for efficiency and insights
- Aimed at fostering a more engaging and seamless experience for Happiest Minds, from onboarding to career development

Talent Engagement

- Focus on diversity and inclusion, with plans to launch a Women Mentoring Program and execute gender diversity initiatives
- Aim to reintroduce clubs and committees, increase workforce diversity through PWD hiring, and conduct a gender pay parity exercise
- Plan to create more engaging office spaces and foster camaraderie across locations, underlining a commitment to creating an inclusive and dynamic work environment

Culture Building

- Emphasis on happiness evangelism, health and well-being, to drive organizational purpose and vision
- Initiatives like Mithra and Little Mithra to build a supportive and engaged community, enhance participation in volunteering and strengthen listening
- Making efforts to establish an Intellectual Property (IP) Program and create an EVP for the organization to align organizational values with employee aspirations

Happiest Minds' People Practice strategy is a holistic and forward-thinking approach, encompassing essential elements of organizational development, leadership cultivation, digital transformation, and employee engagement. Through diligent focus on these strategic pillars, Happiest Minds endeavors to construct a resilient, adaptable, and high-performing organization, primed for substantial growth and innovation.

Culture of Happiest Minds

Culture of Mindfulness
Practicing mindfulness, emotional intelligence, helping members manage stress and anxiety, improve collaboration & productivity

Culture of Happiness Evangelism
The culture of happiness evangelism focuses on actively promoting joy, positivity, and fulfillment within our organizations to enhance overall well-being and productivity.

Culture of Wellbeing
EAP program, Holistic well-being - emotional, financial, physical wellness, etc.
Doctor teleconsulting, Leave Donation Program.
Compassion Program

Culture of Inclusion
27.7% Gender Diversity, Women in Tech, D&I Sensitization Training
Diversity & Inclusion Glassdoor Score 4

Culture of Listening
MITHRA – The Good Samaritan Program, Happometer, Dipstick Surveys, GPTW survey, 360 degree feedback, Feedback for Manager.

Culture of Giving
Towards 6.9 Million meals to Akshaya Patra Foundation
Supported over 6 NGOs during Daan Utsav

Culture of Gratitude
Gratitude Stories, Gratitude note to Happiest Minds Family, Peer to Peer Recognition, Spot Awards, iAppreciate

Culture of Learning
Upskilling, cross skilling, mentoring programs, High Potential Programs, Thought Leadership, career path, leadership developmental program

Key Initiatives Undertaken

HAPPIVERSE

International Day of Happiness (IDOH)
was commemorated globally, spotlighting the PERMA theory to bolster well-being. We introduced 'Happy Jars' to gather treasured memories, distributed 'Be Happy' cards adorned with our logo magnets, and hosted captivating events. Moreover, we welcomed NGOs to set up stalls, extending our happiness initiative beyond our corporate boundaries.

5K Smilestone Celebration
marked a momentous milestone as we reached 5,000 members, celebrated with enthusiasm across all our locations. The festivities featured cake cutting, paper bird crane workshops, a photo booth, and a collective collage featuring snapshots of our people, symbolizing unity and shared joy.

Seven Spokes of Happiness
is a biweekly series exploring the multifaceted nature of happiness through seven themes: Positivity, Gratitude, Self-Love, Pride, Forgiveness, Acceptance, and Mindfulness. This initiative presents insightful articles and captivating stories, complemented by sessions led by our leaders to enrich our knowledge and foster joy in our lives.

Mindfulness Matters
focuses on nurturing present-moment awareness and mental clarity through a structured program. To date, four batches of participants have completed this transformative journey.

The Happiness Compass
our monthly newsletter, keeps everyone updated about upcoming Happiverse programs and features enlightening articles to inspire and steer us on our happiness journey.

Happometer
insights reveal the pulse of our organization: out of 16,304 participants, 85% (13,871) reported feeling happy, 13% (2,066) neutral, and 2% (367) unhappy. This feedback loop helps us to continuously refine our initiatives.

Happiness Memoir
our monthly release, shares life moments that bring joy to our Happiness Ambassadors, celebrating the personal victories and joyful experiences that enrich our community.

Listening Post
provides a secure and confidential platform for members to engage in meaningful conversations, hosted twice a week by our Happiness Evangelists. This initiative underscores our commitment to listening and supporting our Happiest Minds' well-being.

Through these varied and thoughtfully designed initiatives, Happiverse is not just a program but a movement towards creating a happier, more connected workplace.

Culture of Gratitude

Our sessions and gatherings always commence with a moment of gratitude or a simple expression of thanks. Across all our facilities, SMILES Cards are readily available for anyone to use. Through our iAppreciate digital platform, individuals have the opportunity to acknowledge, appreciate, and celebrate the contributions and support received from their team members, managers, and colleagues, both professionally and personally. This culture of appreciation extends to their contributions to the Business Unit, Happiest Minds, and the wider community, fostering a spirit of gratitude year-round.

Gratitude is at the core of Happiest Minds culture. As in previous years, we organized Gratitude Week from November 20 to December 8, celebrating the profound impact of appreciation. Throughout this period, we encouraged everyone to reflect on and express gratitude for the positive aspects of their lives. Notable achievements during Gratitude Week included:

Sending 9,806 appreciations to more than 3,100 individuals over 18 days.

- Over **9,000** iAppreciate messages sent by more than 920 people
- Program was fully conceived, collaborated on, and executed by the Rewards and Recognition Council
- Introduction of a gamified leaderboard to boost participation
- Continued use of iAppreciate cards, with over **3,000** physical cards being used to appreciate team members on the floor

Culture of Listening

Our culture is deeply rooted in the practice of actively and empathetically engaging with others, moving beyond mere hearing to fully grasp their perspectives, emotions, and needs. This transcends mere auditory reception; it entails realizing their perspective, emotions, and needs.

We have fostered positive changes in several key areas:

Ask EB: This platform allows Happiest Minds to pose questions to the Executive Board (EB), with responses provided within 24 hours.

AHMM/Townhalls: These sessions offer an opportunity for individuals to directly question and offer feedback to our leadership team.

We Hear: This initiative enables the reporting of sexual harassment or discrimination directly to the Chief People Officer (CPO). Upon reporting, an email is immediately sent to the CPO's mailbox to begin the resolution process.

Culture of Mindfulness

The concept of mindfulness is centered on practices and attitudes that promote living fully in the present moment, free from judgment and distraction. This involves intentionally anchoring our attention in the present, acknowledging and welcoming our thoughts and feelings, and embracing life with an attitude of exploration and openness.

Mindfulness training comprises mental exercises optimizing brain's neural pathways, leading to:

- Diminished stress levels
- Improved efficiency and productivity
- Augmented focus on current tasks
- Strengthened interpersonal connections
- Improved balance between work and personal life
- Attainment of joy in the present moment through stress-reducing mindfulness techniques
- Systematic method for learning, embracing, and applying mindfulness practices strengthens our pursuit of happiness
- Incorporating mindfulness as a modus operandi that can significantly elevate our Happiness Quotient

Mindfulness ways at Happiest Minds

Imbibing a 7C Framework of the Happiest People

- **Delivering** world-class solutions in line with our core values
- **Creating** an impact on the organization and society at large

We practice

Being Mindful requires one to be fully present and aware of the moment without any judgment.

Doing Mindful involves intentionally focusing our attention in the present moment with openness, curiosity, and acceptance.

Mindfulness Training in FY 2023-24

1,504
Participants covered in FY 2023-24

4,558
Total Happiest Minds till date

93%
Coverage of Mindfulness training

Mission, Vision & Value (MVV) Training in

949
Participants covered in FY 2023-24

4,157
Total Happiest Minds till date

85%
Coverage of MVV training

Diversity, Equity, Inclusion, and Belonging (DEIB)

We perceive DEIB as a holistic journey integral to our core values .

We are dedicated creating an environment at Happiest Minds where individuals feel empowered to express their identities, drawing from their diverse cultural backgrounds and emotions. We believe in nurturing a culture that acknowledges, embraces, supports, and respects individuals from all genders, racial, sexual orientations, religious, and socioeconomic backgrounds, appreciating the inherent richness of our diversity.

KPIs showcasing gender neutrality, regional diversity, age diversity, etc.

EMPLOY
To enable inclusive working environment through supporting communication, infrastructure, policies & process.

EMPOWER
Create awareness & building hiring process, provide employment opportunities for more diverse group (women members) & (specially abled group).

ENABLE
Creation of enabling ecosystem through sensitization training, workshop & disability specific interventions.

ENGAGE
Promote meaningful engagement in organizational initiatives & creation of member resource group.

Gender Diversity

27.7%
Organizational

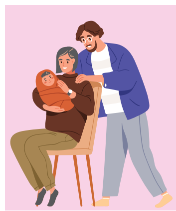
60%
Gender Diversity Hiring Ratio via Campus

Cultural Diversity

7
Nationalities

26
Indian States

Belonging



90%
Resumed from Maternity Break

100%
Resumed from Paternity Break

Inclusion

8
Persons with Special Abilities

DEIB Communication Series

We have created a series of monthly communication programs to educate and engage the workforce on various DEIB elements.

Diversity & Inclusion Summit

A month-long mix of communication series and sessions to increase awareness of diversity, equity, inclusion, and belongingness

Autism Month

Awareness on DEIB Spectrum and session with an external speaker from an Autism School

Pride Month

A series of communications on what pride is, the difference between sex and gender, gender pronouns, etc., concluded with an awareness session titled 'Breaking the Bias'

Diversity, Equity, and Inclusion

Basic introduction to the concepts in simple terms along with an engagement activity on Yammer

Communication on Persons with Special Abilities

Difference between impairment, disability, and handicap; also shared a real-life case example of a visually-challenged person

Global Diversity Awareness Month

Released D&I Handbook and conducted an organization-wide quiz on the same

International Men's Day

Awareness program on Six Pillars of IMD; celebrations across all locations

International Day of Persons with Disabilities

Awareness session on why this day is celebrated and how one can contribute; how to make communications more accessible

Inclusive Culture Development

Training and Education: Different types of diversity training programs are conducted for all members to enhance awareness, foster understanding, and equip individuals with necessary tools to contribute to an inclusive culture.

LEARNING

- Aura Learning circle – Sharing articles, books and workshops for self-development
- Udemy licenses for upskilling
- Upskilling opportunities for women returning after maternity break
- In-house Soft Skills Development Training – PDP for managers 20% inclusion this year
- Speed Monitoring – Grooming for mid-level members by senior leaders
- In-house Technical Training to develop technical capabilities

Initiation of Speed Mentoring program

- A bilateral platform for our senior women members to connect, encourage and inspire all Aura members to advance in their careers. It also provides an opportunity for aspiring women to present themselves to larger audiences and gain visibility
- A panel of 5-6 women from various competencies (Manager-level cadre) convene
- Multiple batches hosted with the average feedback rating 4.5

Inclusive Hiring Practices

Develop and implement strategies to ensure diverse candidate pools, unbiased recruitment processes, and equitable hiring decisions.

Women Hiring Drive

Conduct targeted hiring campaigns at various locations to attract diverse talent.

Women in Break Hiring Program

'Rekindle Your Dreams', launched in October 2023, offers opportunities to talented individuals seeking to re-enter the workforce.

Maternity Engagement Program

A comprehensive maternity program, developed in collaboration with the wellness team, comprises three phases: Pre-Maternity, during Maternity, and Post-Maternity, providing support to women throughout their pregnancy journey.

Let's Celebrate Diversity

Engage in various cultural, national and international celebrations to honor and embrace diversity.

Women in Tech Series

This inspirational speaker series features women leaders as role models, empowering other women to pursue advanced corporate roles through sharing insights and experiences. Thus far, 10 episodes have been conducted, each featuring a prominent woman technology executive discussing her career trajectory and challenges. Every session has garnered enthusiastic participation.

Para Athletics Championship Sponsorship

Inspiring the Extraordinary: UP State Para Athletics Championship 2023 brought together talents from over 70 districts, validating that the abilities are boundless. We sponsored medals to encourage participation and support specially-abled athletes.

Learning and Development

FY 2023-24 Learning Journey

Learning and Development at Happiest Minds is a continuous process, aiming to excel in an agile, creative, collaborative, technologically-advanced workforce culture that is aligned with business and organizational goals.

Key Matrix

Business Enabling Programs

#Trained – Udemy	#Trained - VILT	Total Happiest Minds Trained
2,828	4,464	4,917

#Trained – Tech	Trained – PDP	Hours VILT
4,792	1,587	61,222

Hours Udemy	Total Hours	Average Training Hours
82,903	1,44,124	29.39

Target Achieved	Target Hours
115.26%	25.50

Graduate Training Hours - 45,696

HAPPIEST MINDS COVERED (PDP & TECH Programs only)				
BU	HC	Trained-VILT/ ILT/UDEMY	Not Trained	Trained (%)
GBS	1	1	0	100%
CANA	319	302	17	95%
PES	2231	2035	196	91%
DBS	1252	1068	184	85%
CDPA	33	26	7	79%
IMSS	963	753	210	78%
CORP	326	15	172	47%
Overall	5125	4339	786	85%

DEPLOYED Post Training - YTD	
BU	Happiest Minds Placed
DBS	276
CANA	195
IMSS	106
PES	36
Total	613

Business Enabling Programs
Includes technical training and professional development programs.

Orientation Programs
Includes MVV, mindfulness, assimilation, and diversity and inclusion programs.

Compliance Programs
Includes information security and work safe programs.

Graduate Training Programs
Provides training to entry-level graduates recruited on or off campus.

Total learning hours is a summation of learning hours executed under each of these categories.

Training Mode
- VILT-Virtual Instructor-Led Training
- ILT-Instructor-Led Training

Key Highlights of Our Learning Initiatives

- Design and roll-out of Delivery Manager, Business Analyst, and Architect Tracks
- Generative AI Awareness and Github Copilot programs launched for C1 to C3. 69% of billable Happiest Minds (3,370) are covered under Gen AI Awareness and Copilot Overview training
- 226 campus graduates were onboarded and completed the structured training programs. 35 members have been deployed to billable projects as on March 31, 2024
- Delivery managers' LEAD program and business analysts' SHIFT program for Happiest Minds across BUs. The intervention was spread over 6 months covering 27 delivery managers and 23 business analysts
- 613 Happiest Minds deployed post cross skilling & multiskilling initiatives
- 77 Happiest Minds completed various training programs and certification courses
- 30+ technical programs delivered by Internal SMEs (Trainers) clocking 15K learning hours saving ₹5 million
- 4,792 and 1,587 Happiest Minds completed technical training and professional development programs respectively through Udemy, classroom programs, and virtual sessions

MITHRA – The Good Samaritan Program

Navigating through challenging work environments, stress, and personal difficulties can significantly impact anyone. Recognizing the importance of having a trusted individual to confide in during such critical moments, we introduced MITHRA – The Good Samaritan Program.

MITHRA, a compassionate initiative by Happiest Minds, features a dedicated team of volunteers who are accessible around the clock, ready to offer support through calls or emails. This program ensures that our colleagues can seek help in an environment marked by safety, acceptance, and confidentiality.

In FY 2023-24, the MITHRA team engaged with more than 1,700 members, dedicating over 470 hours to communications via Teams, phone interactions, and face-to-face meetings, showcasing our commitment to fostering a supportive and understanding workplace community.

GPTW Survey

In response to the valuable insights garnered from the Great Place To Work® (GPTW) survey, Happiest Minds is implementing a focused action plan across five strategic tracks to cultivate a more resilient and engaging organizational culture.

Compensation & Infrastructure

We are improving compensation packages and refining workspace environments, while initiating focused communication efforts like "Your Feedback Matters!" to highlight the importance of employee feedback. Additionally, we are introducing new benefits tailored to diverse needs, including reverse mentoring for Millennials, corporate deals, laundry services, and flexi insurance plans, are being rolled out. Infrastructure upgrades, including cafeteria enhancements and parking solutions, aim to enhance the daily work environment.

Enhanced Talent Mobility and Technology Integration

The development of an Internal Job Posting (IJP) Portal and the utilization of AI-based sentiment analytics tools are set to enhance talent mobility and the employee experience, ensuring our team feels valued from their first day.

Leadership Development

Our investments in leadership development, facilitated by tools like Hogan Insights and executive mentoring programs, underscore our focus on nurturing leaders who are pivotal to driving our culture and strategic goals.

Strengthening Diversity and Inclusion

We are dedicated to fostering increasing diversity and inclusion through initiatives aimed at enhancing gender diversity and launching programs like reverse mentoring, ensuring a workplace where diverse perspectives thrive.

Creating a Supportive and Engaging Work Environment

Efforts to reintroduce clubs and committees, along with increasing PWD hiring and conducting a gender pay parity exercise, reflect our commitment to building an inclusive and engaging workplace for all.

Scores for GPTW

Dimensions	FY24	FY23
Credibility	80	89
Respect	78	86
Fairness	77	86
Pride	81	89
Camaraderie	79	88

Scores for Glassdoor

Overall Score 4

Ratings by category

Culture and values	4.1
Career opportunities	4
Diversity and inclusion	4
Work-Life balance	4
Senior management	3.8
Compensation and benefits	3.7

8 STEP ACTION PLAN

Action Plans – 5 Months Plan

1 STEP
Review the GPTW scores

2 STEP
Sponsorship from Executive Leadership

3 STEP
Formation of taskforces

4 STEP
Recommendations from Taskforces

5 STEP
Implementations of the recommendations

6 STEP
Monthly Progress Reporting & Update - Taskforce, EB and C7+

7 STEP
Closure Report for Action Team

8 STEP
HPPS survey proposed around

All these actions are beyond the leadership/AHMM/connects and conversations that we would do beyond the day-to-day interactions.

Rewards & Recognitions

REWARDS & RECOGNITION AWARDS

Our Rewards & Recognition (RnR) Council designs award categories that have a positive impact on our members, like Quarterly Awards, Annual Awards, Chairman Awards and Monthly Insta Awards.

CULTURE OF GRATITUDE

Gratitude is a ritual at our Company. Leadership or team meetings commence with spending some time expressing gratitude to their colleagues, peers, managers, and teams.

SERVICE SMILESTONES

We celebrate the work anniversaries of all Happiest Minds as SMILESTONES by sharing testimonial videos on their journey along with customized gifts.

HAPPIZEST ADVANTAGE

Awarding members with points that they can redeem for a reward of their choice by using an employee recognition platform that supports points-based recognition.

GRATITUDE WEEK

Gratitude Week has embarked upon a SMILESTONE by achieving 9,800+ appreciations sent to 4,000+ people over 18 days and 3,000+ iAppreciate cards sent by 920+ members.

GRATITUDE STORY

To cultivate a culture of gratitude in Happiest Minds, we encourage our members to share their personal gratitude stories which are published every quarter.

iAPPRECIATE

iAppreciate is a portal where Happiest Minds can appreciate or show expressions of gratitude to colleagues, peers, managers, and teams across organizations.

Benefits

Insurance

- Group Life Insurance
- Group Medical Insurance
- Group Personal Accident Insurance

Corporate Tie-Ups

- Hospital Tie-Up
- Daycare Services
- Health & Fitness
- Restaurants & Dining

Special Initiatives

- Care & Compassionate
- Childbirth Gift
- Leave Donation
- Happiest Minds Referral Bonus
- Business Referral Bonus
- Sabbatical Leave
- Medical Leave
- Hybrid Working Model

Financial Benefits

- Salary Advance Policy
- Compassionate Loan
- Sodexo Meal Card
- Company Leased Car
- National Pension Scheme
- Flexible Expense Plan

Physical & Mental Wellbeing

Our wellness partner Ekincare enables:

- Generic and specialist consultation for members and their family
- **Annual Health Checkup** - Company sponsored for C7+ or members aged 40+. For other members & family members, exclusive corporate discounts are available
- Employee Assistance Program for members
- Exclusive discount on lab tests and pharmacy

Special Women Benefits

- Flexible Timings & Work from Home Options
- Bring Your Child to Work
- Maternity Leave
- Maternity Benefits
- Health Camps

HappiZest

Wellness Programs (HappiZest)

The Happiest Minds Wellness program is branded as 'HappiZest' and encompasses the 7Ws – Physical Wellness, Spiritual Wellness, Intellectual Wellness, Professional Wellness, Social Wellness, Emotional Wellness and Environmental Wellness. This comprehensive approach is nurtured by harmonizing activities, logistics, facilities, and the expertise of the organization through an array of wellness schemes and initiatives.

Participation

Expert Driven Webinars/Talk Show

Hobbifying Workshops

Emotional & Mental Wellness Webinars

Wellness Consultation

Mindfulness Training

Financial Wellness Webinars

Ekincare - Our Wellness Partner

ekincare®

A holistic wellness platform which provides:

Doctor & Specialist Consultations
Unlimited free consultation for members and their families available 24*7

Dental & Vision Checkup
A one-time company-sponsored dental and vision checkup for members

Pharmacy
Minimum 15% discount on pharmacy for members when ordered through the app

Health Risk Assessment
Unique health or wellness score to understand the health risks we face, and lets us know what we can do to change our lifestyle

750+ certified labs, 3000+ pin codes and home collection of blood samples for members and their dependents

Employee Assistance Programs
Available with access to counseling services and mental health awareness initiatives

Annual Health Checkup
Company-sponsored health checkups for the members in C7+ competency or above 40 years of age. Can also be availed for other members at discounted prices

Health Camp Across Locations
- Nutrition Health Camp in Pune
- Dental Health Camp in Bengaluru
- Medical Health Checkup in Bhubaneswar with AMRI Hospital
- BMI Health Checkup camp in Bengaluru

Talent Acquisition

Talent Acquisition (TA) operates as an agile, AI-enabled, analytics-driven function, prioritizing swift decision-making. Our distinction as an employer of choice hinges on a differentiated hiring process focused on a superior candidate experience and future skills.

Our differentiated hiring processes, facilitated through various avenues, consistently emphasize scalability:

- Established agility during the offer process for certain demands as the intent of the offer was based on the agreed grid with BUs
- Focused approach resulted in a 19% uptick in direct sourcing during this fiscal year
- Limiting interviews to only 2 levels with a focus on hiring based on potential and not just performance
- Most of the final interviews are conducted at the office moving away from the virtual practice
- Routine meetings with respective stakeholders within the business to address any calibrations required on either toning down expectations (skills) or mapping of relevant salary stack as per market trends
- Active involvement of project and client panels in engaging with short-listed candidates as part of post-offer engagement
- Panels being more diligent on interview etiquette to ensure better candidate experience
- Working with local vendors in specific geographies for global engagement hiring initiatives

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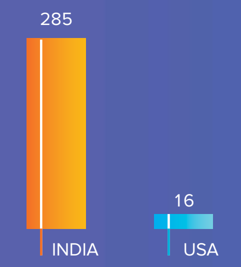
Happiest Minds is an Equal Employment Opportunity Company

We uphold equal employment opportunities for all. As part of our Equal Opportunity Policy, we ensure parity across all levels of employment without discriminating based on race, ethnicity, nationality, gender, language, age, sexual orientation, religion, marital status, socio-economic status, or special ability. During this fiscal year, we hired 301 women into our workforce. Geo-wise recruitment is as follows:



In the lateral hiring space, our diversity ratio for the year stands at 25%, while in campus hiring, it stands at an impressive 41%. We've implemented a range of initiatives aimed at enhancing workplace diversity, including:

Hiring
Each BU works on the D&I target assigned through hiring drives, hackathons, campus hiring and the usual lateral hiring process. They have given a dedicated target to work on increasing the diversity ratio, which is reviewed every quarter, and the dashboard is published to the Executive Board.

Leadership Hiring
The TA team is tasked with prioritizing diversity in leadership hires, alongside ongoing campaigns for lateral hiring.

Referral Policy
We incentivize referrals by offering a 5% bonus for every female candidate referred and subsequently hired.

Boomerang Policy
We encourage - Happiest Minds Alumni to return to us. The process has minimum interview rounds.

Awareness Session
Continuous awareness sessions are conducted to encourage leaders and managers to actively recruit more women and cultivate a diverse workforce.

Geo-wise Vendor Alignments
Increased outreach to vendors specialized in diversity hiring.

Circle of Happiness

At Happiest Minds, social responsibility is a foundational value, guiding us to adopt practices that enhance societal and environmental welfare. We support volunteerism, environmental contributions, and the joy of philanthropy. Our Corporate Social Responsibility (CSR) initiatives centered on key areas like Annapurna (Food & Nutrition) and Vasundhara (Environmental Sustainability).

Our Circle of Happiness, a dedicated CSR initiative, aims to:

- Utilize our strengths for socially significant efforts.
- Develop a social engagement framework that fosters collaboration with clients and partners.
- Create positive impacts on society and the environment.
- Promote active volunteerism and community participation.

CSR Initiatives & Contribution to UN SDGs in FY 2023-24

Through a responsible and generous contribution, we strive to give back and enhance the lives of individuals and communities by providing healthcare, supporting education, and protecting the environment.

Our CSR Initiatives	UN SDG	IMPACT
Balajothi, One Billion Literates, Jeevarathni, Ankura Foundation	1 No Poverty; 2 Zero Hunger	Participation in the Daan Utsav program, where wishes from NGOs were fulfilled through a contribution of ₹11,00,861 by Team Happiest Minds. The NGO beneficiaries were: Baale Mane, Balajothi Centre for the Disabled, One Billion Literates Foundation, Jeevarathni Foundation, Ankura Foundation & Vidyakshetra.
Akshaya Pātra – Unlimited food for education	2 Zero Hunger	Contribution towards meals to the Akshaya Patra Foundation in FY 2023-24 – 15,23,743 meals totaling 10 million meals till date.
Idhayangal Charitable Trust	3 Good Health and Well-Being	Contribution of ₹20,00,000 towards the donation of insulin for underprivileged children with Type-1 diabetes.
Gopal Jew Government High School, Alisisasan, Khurda, Odisha.	6 Clean Water and Sanitation	Water cooler worth ₹54,237 towards a government school in Bhubaneswar.

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GOVERNANCE

In October 2021, we formulated Vision 2031, encompassing various goals and aspirations to be achieved by the Company, with one of the Vision statements focused solely on Environmental, Social, and Governance (ESG) aspects: "To be known for our ESG standards". In pursuit of this vision, an ESG Policy was crafted and adopted by the Company in May 2022. This policy encapsulates the core objectives of people and community empowerment, fostering a low-carbon economy, promoting responsible corporate governance, and adhering to business integrity practices.

An ESG Committee, comprising senior members from key functions across the Company is chaired by a member of the senior management team. This committee consistently oversees the Company's operations to ensure alignment with sustainability objectives. It reports to both the Executive Board and the Board of Directors on the Company's ESG strategy. Additionally, members of the ESG Committee have the flexibility to collaborate with other Board Committees, such as the Risk Management Committee, to address challenges encountered in executing ESG assessments, or with the CSR Committee to make decisions pertaining to social impact initiatives. Similarly, they engage with other Committees to facilitate seamless collaboration in executing plans and programs.

Governance Framework and Robust Corporate Governance Practices

Recognizing the significance of "G" in ESG, the Company has integrated environmental sustainability, social responsibility, and good governance practices into its corporate decision-making processes, operational procedures, and governance structures.

Board Structure

50% of the Board of Directors, comprises Independent Directors, ensuring a diverse representation. This diversity results in a mix of expertise from various backgrounds, which has significantly contributed to the Company's decision-making process.

Stakeholder Engagement

The Board engages in quarterly communication with Happiest Minds and investors. The Executive Board conducts quarterly AHMM (All Happiest Minds Meet) 'Town Hall' meetings to update the team and schedules investor/analyst meetings to inform investors about the results. Additionally, Customer Happiness Surveys and Shareholders' Surveys are conducted annually to assess the Company's performance and identify areas for improvement.

Compliance Management

Compliance activities are monitored using a RegTech tool, and the Board Members review the status of compliance with all applicable laws quarterly.

Disclosure and Transparency

The Company communicates with stakeholders through various channels, providing transparent communication about its performance, strategic outlook, financials, and sustainable growth to earn their trust.

Ethical Practices and Code of Conduct

To ensure fairness and transparency, the Company has designed and implemented policies that align with organizational standards of the code of conduct. These include:

Anti-Bribery and Anti-Corruption Policy

The policy aims to safeguard and promote legitimate business practices throughout the organization. It prevents and prohibits corruption, bribery, and similar acts. The Company has established a platform called "WE HEAR" to encourage the secure disclosure of unethical behavior, actual or suspected fraud, or violations of the Company's Code of Conduct and Ethics.

Integrity Policy

This policy articulates the Company's values of Sharing, Mindful, Integrity, Learning, Excellence, and Social Responsibility (SMILES). Integrity, as one of the core values, involves respecting commitments not only in letter but also in spirit. It emphasizes being reliable, trustworthy, and dependable, exhibiting professional, intellectual, and financial integrity by being truthful, transparent, and honest, and adhering to what is right, not just what is convenient.

Whistle-Blower Policy

This policy underscores the Company's commitment to responsible corporate citizenship. It provides a secure process for all Happiest Minds and consultants, including subsidiaries, to report concerns regarding suspected violations of laws or codes applicable to the Company. The policy ensures adequate safeguards against victimization or vindictive practices such as retaliation, threats, or adverse actions.

Disciplinary Policy

The policy ensures that issues of misconduct are managed and addressed in a fair and consistent manner. It provides guidelines to promote a safe, conducive, and enabling work environment. The disciplinary processes outlined are not corrective in nature; rather, they aim to assist individuals in improving their standards of conduct and behavior to meet acceptable standards.

Grievance Resolution Policy

The policy establishes a mechanism for members to raise grievances or concerns on the "WE HEAR" portal. Efforts are made to resolve these grievances within two working days. If the grievant is not satisfied with the resolution, they have the opportunity to escalate the matter directly to the Executive Board or Executive Chairman. Additionally, in line with the philosophy of fostering a positive and safe environment, the team can utilize other forums such as 'Just Ask,' 'Ask EB,' and 'Ask Ashok' to highlight matters or concerns they observe.

Human Rights

We consider our members, fondly referred to as Happiest Minds, as our most valued asset and are deeply committed to ethical business practices. This commitment includes ensuring fair and impartial treatment for all individuals regarding wages and benefits, maintaining a workplace free from harassment, promoting inclusivity and diversity, and adopting a zero-tolerance approach to modern slavery. We continuously strive to cultivate a work environment where our people can thrive and be the best version of themselves. This ethos is echoed in our Mission - **"Happiest People . Happiest Customers."**

To facilitate happiness and well-being, we have identified several organizational and individual-oriented factors. These include promoting fairness, transparency, and joy in the workplace, supporting wellness and a balanced personal life, and fostering a culture of giving back to society. In alignment with these principles, we have developed the 7Cs of the Happiest People Framework, which represent Culture, Credibility, Collaboration, Contribution, Communication, Community, and Choice.

Outlined below are the key principles and practices adopted by the Company to uphold and protect human rights within the organization:

Equal Opportunity Statement

We uphold and prioritize equal opportunities for all Happiest Minds and those with whom we conduct business. We expect all teams to adhere to and cultivate a work environment that fosters inclusive cultures and embraces diverse constituencies. Additionally, vendors are encouraged to adopt equal opportunity practices within their organizations. Our Vendors' Code of Conduct, an integral part of our contracts/agreements with vendors, promotes principles such as freedom of employment, the eradication of child labor and forced labor, provision of safe and hygienic working conditions, fair compensation and work hours, and non-discriminatory treatment.

Diversity and Inclusion (D&I)

Diversity and Inclusion (D&I) entails valuing and respecting differences among individuals and ensuring that all members have equitable access to opportunities, resources, and treatment, regardless of race, ethnicity, gender identity, socio-economic status, age, religion, or nationality. To promote D&I, the Company has established a Happiest Minds Diversity Council dedicated to fostering a strong and equitable culture. This council implements new programs based on feedback and reviews received from the teams.

Health and Workplace Safety

The Company prioritizes the health, safety, and security of all its members, emphasizing the adoption of robust safety and security procedures.

Harassment-Free Workplace

Maintaining a zero-tolerance approach to harassment is crucial for the organization's growth. The Company has established an Internal Committee to address and resolve any complaints arising under the Prevention of Sexual Harassment (POSH) Act. Throughout the year, training and awareness programs are conducted to cultivate sensitivity and ensure a respectful workplace for all.

Data Privacy and Security

Happiest Minds has implemented a robust set of processes and controls to ensure that overall cyber security risk is managed effectively and in line with emerging threats and regulations. We continuously assess our security and privacy program via periodic internal and external audits and enhance our security framework.

Happiest Minds adopted and certified ISO 27701 – the standard for Privacy Information Management System implementing additional privacy policies and security measures to protect personal data. Initial assessments were conducted, following which our team created data flow maps, evaluated corporate functions, and assessed privacy risks by deploying mitigation measures and control accordingly.

Some of the key policies/practices include

- Release of Happiest Minds Privacy Policies
- Appointment of a Data Protection Officer (DPO)
- Establish Contracts and Data Protection Agreements (DPA) with Third-Party Processors
- Privacy Training and Awareness Programs
- Performing Data Privacy Impact Assessment (DPIA)
- Defining Data Breach Notification and Response Process

Our ever-increasing demand for data privacy obligations and data privacy laws across the globe prompted us to implement ISO 27701, a Privacy Information Management System (PIMS), in December 2022. This effectively helped to document and practice standardized privacy policies and procedures. With all these privacy controls already in place, we will be able to address the requirements of India's Digital Personal Data Protection Bill of 2023 to ensure we continue to address the privacy risk and regulatory requirements.

Key Capabilities of the Integrated Information Security and Privacy System

Data Inventory

To track and record the accuracy, validation, and completion of Personal Information (PI).

Data Subject Requests

Processes, means and mechanisms are defined to facilitate data subject rights to raise requests such as data deletion, subscription, updation or opt-out of a sale.

Data Security

To promote privacy requirements such as "Privacy by design" and "Privacy by default" in the software development process, enable data security across the infrastructure to control unauthorized data access/leakages along with other existing security procedures and practices.

Vendor Management

Established a comprehensive inventory of vendors with a business relationship with Happiest Minds. Security and privacy risk assessments are conducted before vendor selection/onboarding and annually to monitor their compliance with Happiest Minds security requirements.

Oversight and Monitoring

Internal and external audits and reviews are performed to monitor and report any deviation in the security and privacy measures. With the continual enhancement of information security with emerging technologies coupled with a strong set of security controls, best-in-class technology solutions, and a robust and mature governance program, we ensure the security and privacy of information for all our stakeholders on a continuous basis.

Board of Directors

M M M

Ashok Soota
Executive-Chairman

C M M

Joseph Anantharaju
Executive Vice Chairman & CEO, Product & Digital Engineering Services (PDES)

C C

Rajendra Srivastava
Lead Independent Director

M M M M

Venkatraman Narayanan
Managing Director & CFO

C M M M M

Anita Ramachandran
Independent Director

C C M M M

Shuba Rao Mayya
Independent Director

Board Committees

- AUDIT
- NOMINATION, REMUNERATION & BOARD GOVERNANCE
- CORPORATE SOCIAL RESPONSIBILITY
- ADMINISTRATIVE AND STAKEHOLDERS RELATIONSHIP
- RISK MANAGEMENT
- STRATEGIC INITIATIVES

C CHAIRPERSON M MEMBER

Executive Board

Joseph Anantharaju
Executive Vice Chairman & CEO – Product and Digital Engineering Services (PDES)

Rajiv Shah
President & Executive Board Member

Ram Mohan C
President & CEO, Infrastructure Management & Security Services (IMSS)

Venkatraman Narayanan
Managing Director & CFO

Officers of the Company

Aurobinda Nanda
President & COO, Product and Digital Engineering Services (PDES)

Ganapathi T.B
Executive Vice President & Chief Operating Officer, IMSS

Praveen Kumar Darshankar
Vice President – Legal, Company Secretary and Compliance Officer

Preeti Menon
Senior Vice President & Chief Delivery Officer, PDES

Priya Kanduri
Senior Vice President & CTO, IMSS

Raja Sekher
Executive Vice President & Head – Engineering & Business Excellence

Ramu MR
Vice President & Head of CoE - Digital Process Automation

Sachin Khurana
Senior Vice President & Chief People Officer

Sajith S Kumar
Senior Vice President & Chief Information Officer

Sridhar Mantha
President & CEO - Generative AI Business Services

Sundar Ramaswamy
Senior Vice President & Head of CoE - AI/Analytics

Vijay Bharti
Senior Vice President, CISO, Head-Cyber Security Practice

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	403-10 Work-related ill health	pg 169, 170
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	pg 20, 76
	404-2 Programs for upgrading employee skills and transition assistance programs	pg 76, 77, pg 170
	404-3 Percentage of employees receiving regular performance and career development reviews	pg 168
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	pg 73, pg 90-92, pg 154
	405-2 Ratio of basic salary and remuneration of women to men	pg 173
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Pg 173,174
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	pg 65, 87, 174
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	pg 65, 87, 174
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	pg 182

STATUTORY REPORTS

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Board's Report

Dear Members,

Your Directors take pleasure in presenting the Thirteenth Annual Report covering the highlights of the finances, business and operations of your Company. Also included herein are the Audited Financial Statements of the Company (standalone and consolidated) prepared in compliance with Ind AS Accounting Standards, for the financial year ended March 31, 2024.

Highlights of Financial Performance

Amount in ₹ Lakhs

Description	Standalone		Consolidated	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Revenue from Operations	1,47,288	1,33,255	1,62,466	1,42,929
Other Income	11,126	2,234	8,537	2,111
Total Income	**1,58,414**	**1,35,489**	**1,71,003**	**1,45,040**
Employee benefits expense	94,772	78,690	1,01,469	80,681
Depreciation and amortization	3,430	2,996	5,829	4,191
Finance cost	4,227	2,150	4,227	2,186
Other expenses	23,632	22,485	27,412	26,362
Total expenses	**1,26,061**	**1,06,321**	**1,38,937**	**1,13,420**
Profit / (Loss) before Exceptional Items and Tax	32,353	29,168	32,066	31,620
Exceptional (Income) / Expense	143	-	1,402	-634
Profit / (Loss) before Tax	**32,496**	**29,168**	**33,468**	**30,986**
Tax expense	7,923	7,530	8,629	7,887
Profit / (Loss) after Tax	**24,573**	**21,638**	**24,839**	**23,099**
Earnings per share (Basic)	16.55	15.11	16.73	16.13
Earnings per share (Diluted)	16.55	15.00	16.73	16.01
Attributable to:				
Shareholders of the Company	24,573	21,638	24,839	23,099
Opening balance of retained earnings	38,240	22,388	39,064	21,773
Dividend on equity shares	-8,604	-5,715	-8,604	-5,715
Other Comprehensive income recognised directly in retained earnings	-281	-94	-259	-116
Transferred from share option outstanding reserve for options forfeited	2	23	2	23
Closing balance of retained earnings	53,930	38,240	55,042	39,064

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

A detailed analysis of the financials and business performance of the Company during the year under review is provided below.

Management Discussion and Analysis

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

Dividend & Transfer to Reserves

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

In accordance with the said policy, your Directors declared an interim dividend of ₹ 2.50/- per equity share in the Board meeting held on October 17, 2023 and are pleased to recommend a final dividend of ₹ 3.25 /- per equity share for the financial year ended March 31, 2024, i.e., the total dividend for the current financial year under review being ₹ 5.75/- per equity share (previous financial year - ₹ 5.40/- per equity share). If the above recommendation is accepted by the Members of the Company at the ensuing Annual General Meeting, the total outflow on this account will be ₹ 8,755.80 Lakhs.

Your Directors do not propose to transfer any amounts to the general reserves of the Company, instead have recommended to retain the entire profits for the financial year ended March 31, 2024, in the profit and loss account.

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

Mergers & Acquisitions

A strategic and focused M&A program tied to the long-term goals of the Company is in place and is represented by the investment committee which consists of two executive members. The Company follows a programmatic M&A approach which works to acquire companies of strategic interest and of meaningful size and scale.

The current M&A priorities are –

- Strengthen our geographical presence in USA, Europe, Middle-East and Australia / New Zealand regions
- Enhance length and breadth of our technology offerings – Cyber Security, Service Now, Salesforce, Low Code / No Code
- Go deep into our focus industry groups seeking specialized offerings in sub verticals – Insurance, Banking, Life Sciences
- Enhance partnerships and strategic alliances with Microsoft, Service Now, etc.

Subsidiary Company

As of March 31, 2024, your Company had two wholly-owned subsidiary companies viz., Happiest Minds Inc., USA (formerly PGS Inc.) and Sri Mookambika Infosolutions Private Limited., Madurai, India ("SMI"). The statement under Section 129(3) of the Companies Act, 2013 in respect of the subsidiaries in Form AOC-1 is attached as Annexure I. The Consolidated Accounts of your Company duly audited by the Statutory Auditors are presented as part of this Report.

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

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

Recognitions

Please refer to pages 22, 23 of the Integrated Annual Report of 2023-24.

Share Capital and Debentures

During the year under review, your Company issued 54,11,255 equity shares of face value of ₹2/- each at a price of ₹ 924/- per equity share. The paid-up equity share capital as on March 31, 2024, was ₹ 304,549,622/- consisting of 152,274,811 equity shares of ₹ 2/- each.

Further your Company has issued 8,000 rated, listed, negotiable, unsecured, redeemable non-convertible debentures of the nominal value of ₹ 1,00,000/- each and are listed on the Bombay Stock Exchange (BSE).

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

Directors and Key Managerial Personnel

As on March 31, 2024, the Board of Directors of your Company comprised of six Directors, viz., three Executive Directors and three Independent Directors including two women Independent Directors. As per the Articles of Association of the Company, one third of the Directors (other than Independent Directors) are liable to retire by rotation at the Annual General Meeting ("AGM") of the Company, every year. Mr. Venkatraman Narayanan (DIN: 01856347) retires by rotation at the ensuing 13th AGM and being eligible, offers himself for re-appointment.

Mr. Ashok Soota (having DIN 00145962-Executive Chairman), Mr. Joseph Anantharaju (having DIN 08859640- Executive Vice Chairman) and Mr. Venkatraman Narayanan (having DIN 01856347-Managing Director & CFO), are Executive Directors on the Board.

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

Policy on Nomination and Remuneration of Directors

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

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

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

Familiarization Program for Independent Directors

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

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

Board Evaluation

The Nomination, Remuneration and Governance Committee of the Company has reviewed and approved the evaluation criteria for the Board Evaluation. The criteria for the evaluation were broadly based on the SEBI's Guidance Note on Board Evaluation. The evaluation criteria covered the Board as a whole, the Committees of the Board, each individual Director and the Chairman of the Company and were focused on the Board's composition and accountability, their role in setting strategies, the effectiveness of the Board Committees and the performance of each individual Director and the Chairman.

During the year under review, the questionnaire was circulated to all the Board Members of the Company in a transparent and confidential manner and based on their responses, a detailed report was presented to the Board on an anonymous basis to give an understanding of its working dynamics, highlight areas of strength/improvement and proposed the suggested action plan to improve the Board's overall performance and effectiveness.

Some of the suggested action plans that are being implemented during FY 2024-25 are as below:

1. To expand the Board with induction of two Directors.
2. To ensure a detailed half-year review by the management.
3. To organize professional development programs for the Directors.
4. To come up with a plan for increasing the Risk committee involvement and to enhance its working procedures.

Committees of the Board

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

Board Meetings

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

Corporate Governance

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

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

Employees Stock Option Plan (ESOP)

During the year under review, no fresh grants were made under the Happiest Minds Employee Stock Option Scheme 2020, however, your Company facilitated the transfer of 7,59,541 Equity Shares of ₹2/- each by the Happiest Minds Technologies Share Ownership Plans Trust to the employees who exercised their options under the old schemes.

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

Pursuant to the requirements of the SEBI (Share Based Employee Benefit and Sweat Equity) Regulations, 2021, a certificate has been issued by the Secretarial Auditors of the Company confirming that the Plan has been implemented in accordance with the said Regulations and in accordance with the resolution passed by the Company in the General Meeting.

As required under the SEBI (Share Based Employee Benefit and Sweat Equity) Regulations, 2021, the applicable disclosures as on March 31, 2024, are uploaded on the website of the Company at https://www.happiestminds.com/investors/disclosures/

Code for Prevention of Insider Trading

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

Vigil Mechanism

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

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

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

Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, copies of the Annual Returns of the Company for previous financial years prepared in accordance with Section 92(1) of the Act have been placed on the website and is available at https://www.happiestminds.com/investors/disclosures/

Software Technology Park

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

Deposits

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

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

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

Loans, Guarantees and Investments

Pursuant to Section 186 of the Companies Act, 2013 and Schedule V of the Listing Regulations, disclosure on particulars relating to Loans, Advances, Guarantees, and Investments are provided as part of the financial statements. Further, your Directors have sought your approval at the ensuing AGM to enhance the limits provided under the said Section.

Related Party Transactions

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

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

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

Details of the transaction(s) of your Company with the entity(ies) belonging to the promoter/promoter group which hold(s) more than 10% shareholding in the Company as required under Para A of Schedule V of the Listing Regulations are provided as part of the financial statements.

Auditors & Auditors' Report

The current Statutory Auditors of the Company are M/s. Deloitte Haskins & Sells (ICAI registration number 008072S) who have been appointed at the 10th AGM of the Company held on July 07, 2021 to hold office for a term of 5 years i.e., till the conclusion of the 15th AGM.

The Auditors' Report does not contain any qualification, reservation, or adverse remark on the financial statements for the financial year ended March 31, 2024. The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed M/s. V Sreedharan & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report issued by them for the financial year ended March 31, 2024, is attached as Annexure VIII to this Report. The Secretarial Audit Report does not contain any qualifications, reservations, or adverse remarks.

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

Sustainability and Corporate Social Responsibility (CSR)

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

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

Risk Management

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

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

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

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

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

1. **Financial Risks:**
   a. Foreign currency fluctuation
   b. Customer credit
   c. Profitability and sustenance of the business
   d. Availability of credit and liquidity management
2. **Business Risks:**
   a. Concentration of revenues
   b. New, emerging disruptive technologies and their impact on business, and delivery
   c. Shrinking product development cycles
   d. Customers insourcing
3. **Operational Risks:**
   a. Data privacy, social media
   b. Talent availability and timely staffing of projects
   c. Optimal resource utilization
   d. Contractual commitments and project delivery challenges
   e. Business continuity
   f. COVID 19 Pandemic
4. **Legal and Regulatory:**
   a. Compliance with local legislation in the geographies we operate in
   b. Dynamic and ever-changing immigration and travel laws
5. **Projects Delivery related risk**
   a. Related to change meeting timelines, estimated effort
   b. Quality of deliverables

6. **Information Security Risks**
   a. Loss of Happiest Minds' or Customer Intellectual Property (Assets, Code, documents etc.,)
   b. Privacy breach, sharing of sensitive data without requisite approvals
   c. Phishing, Malware and Ransomware attacks
   d. New tech adoption e.g. AI and Generative AI

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

People Practices

Guided by the 8C Model, which emphasizes well-being, happiness, and innovation, our People Practices team has effectively established a standout brand identity amidst a year marked by intense talent competition, business shifts, and market adjustments within the IT sector. Despite these challenges, we achieved a net increase in team members, with our attrition rate impressively falling to 13.01%—well below our targeted 18%. This achievement is a testament to our forward-thinking adoption of technology and best practices, which not only kept us ahead in a dynamic environment but also bolstered our brand, making us a preferred employer. Our efforts are reflected in our Glassdoor rating, where members and alumni have recognized us with a commendable score of 4, showcasing the positive impact of our strategies and initiatives.

This year, our focus was centered around five strategic pillars aimed at strengthening our organization and enhancing our workforce capabilities.

Firstly, we concentrated on building our organization for scale, aiming to develop a global and distributed workforce. This effort encompassed enhancing our people practice capabilities across various domains such as benefits, engagement processes, and compliance, while also preparing for future mergers and acquisitions to ensure a seamless integration of operations, personnel, and culture. A key aspect of this pillar was the emphasis on strengthening our compensation framework, particularly for our IMSS and US operations, and customizing benefits to cater to different employee segments to boost retention rates. Initiatives like completing the SMI Integration and launching tailored compensation frameworks for our Centre of Excellence were integral to our comprehensive approach to organizational design and talent management.

In our pursuit of digital transformation and people analytics, we introduced the MySmiles HRMS and focused on leveraging technology through automation and the application of AI in our HR practices. These measures aimed to enhance efficiency, provide insights, and create a more engaging and seamless experience for our employees from their onboarding through their career development.

Developing leadership and people capabilities was another critical area of focus. Through programs like the I3 Talent Transformation and the Global Leadership Development Program (GLDP), complemented by Hogan Assessments, we invested in cultivating a robust leadership pipeline and enhancing talent across the organization. Initiatives such as executive mentoring programs and the creation of specialized tracks for sales enablement and managerial development demonstrated our commitment to nurturing leadership and talent.

Our culture-building strategy emphasized happiness evangelism, health and well-being, and the alignment of our organizational purpose and vision with employee aspirations. By expanding happiness touchpoints, enhancing participation in volunteering activities, and strengthening our listening programs like Mithra and Little Mithra, we aimed to foster a supportive and engaged community.

Our talent engagement initiatives focused on promoting diversity and inclusion, plans to launch a Women Mentoring Program by H1 FY'25 and execute various gender diversity initiatives. This pillar also aimed at reintroducing clubs and committees, enhancing workforce diversity through PWD hiring, and conducting a gender pay parity exercise. By creating more engaging office spaces and fostering camaraderie across locations, we committed to creating an inclusive and dynamic work environment.

Thanks to our focused efforts this year, we achieved remarkable successes across various domains of our operations.

In the area of Talent Management, we launched the I3 Talent Transformation program in collaboration with NIIT and Hogan, benefiting 25 Business Analysts, 27 Delivery Managers, and 36 Architects. This initiative demonstrates our commitment to talent enhancement. Additionally, the introduction of the GLDP, which included a Hogan workshop for 42 senior leaders, marks our investment in the future leadership of our organization.

Our approach to Compensation & Benefits underwent a thorough review, particularly in the UAE, where we integrated a competitive US compensation framework. Innovations like onsite salary advances, enhanced travel allowances, improved life insurance covers, and expanded corporate partnerships reflect our strategic intent to offer a competitive and comprehensive benefits package.

In the realm of Wellness Programs, our dedication to employee wellness was underscored by the successful execution of 36 Total Wellness Events, with participation from 2868 employees and an outstanding satisfaction rating of 4.5 out of 5. The launch of Ekincare, a health and wellness app, along with the completion of 58 annual health check-ups, showcases our holistic approach to employee health and engagement.

Our Happiness Evangelism efforts, through initiatives such as Mithra and the introduction of resources like the Seven Spokes of Happiness, Mindfulness Matters, and the Happiness Compass magazine, have nurtured a culture emphasizing mental and emotional well-being. The launch of Little Mithra for younger minds and the engagement of 15,652 participants with an 85% happiness rate on the Happometer since January 2023 further highlight our dedication to this cause.

Celebrations, Roadshows, and Connects have been pivotal in our engagement strategy. We organized 24 PoSH Awareness Roadshows, launched MySmiles HRMS through dedicated roadshows, and held impactful Leadership Connects for 500 new hires. Celebratory events like Potluck, Biriyani Bash, Mango Mania, and the Happiest Minds Run, engaging over 1000 participants across four cities, significantly contributed to a vibrant workplace community.

Our Recognition & Rewards & Engagement initiatives were showcased during the 10th anniversary of Happiest Minds with a gala dinner, celebrating our journey alongside our members and their families. The Glitz 2023 Annual Awards and the release of a 10-year milestone coffee table book were significant in recognizing our team's contributions. Additionally, our Gratitude Week, featuring 9000+ messages sent to over 2800 members, underscored the culture of appreciation within our organization.

Operational Excellence was evident in our high onboarding satisfaction rates, robust audit compliance, and the efficient resolution of 89.9% of PP tickets within a day. The successful introduction of four key modules in the partner management system underlines our dedication to continuous improvement and operational integrity.

In Diversity & Inclusion (D&I), we proudly maintained a 28% gender diversity rate and expanded our Aura team to over 1596 members. Our focus on disability inclusion, high parental leave returns, and comprehensive D&I training for 3308 members illustrates our commitment to an inclusive environment where everyone feels valued.

Our Circle of Happiness initiative, through significant donations to Akshaya Patra, Idayangal Trust, and Daan Utsav for various NGOs, reflects our commitment to community welfare and extending the circle of happiness beyond our organization.

This year marked our participation and recertification in the Great Place to Work (GPTW) survey, a testament to our enduring commitment to excellence. Furthermore, Happiest Minds has been honoured with numerous awards over the past year, highlighting our standing as a premier organization in various domains. We were named among the Top 50 India's Best Workplaces™ in Health and Wellness 2023 and Top 50 India's Best Workplaces™ in IT & IT-BPM 2023 by GPTW, alongside being listed in the 100 Best Companies for Women in India 2023 by Avtar and Seramount, and also recognized as one of the Top 50 India's Best Workplaces for Women™ 2023 by GPTW. Our achievements in innovation were spotlighted as we received the 'Digital Transformation of the Year' award at the IReC Awards 2023.

Our commitment as a leading IT organization and market leader is further illustrated through accolades such as the 'Best Tech for Security' Award at the 3rd Edition of the IDEA Awards, and our recognition by Zinnov Zones as a 'Niche & Established' player in Gen-AI Engineering Services. Additionally, our distinction as one of the 'Top Firms to Work for in AI & Analytics' and the recognition of Mr. Sridhar Mantha as the 'AI Leader of the Year' at the 3AI ACME Awards, alongside being acknowledged as a Rising Star in the ISG's Provider Lens™ Digital Engineering Services US Report 2023, underscores our commitment to innovation and leadership in the IT sector.

As we move forward, the People Practice Team remains dedicated to pushing the boundaries of what's possible, leveraging technology, fostering leadership, and nurturing a culture that aligns with our organizational values and aspirations. This strategic approach has not only contributed to our remarkable achievements in FY 2023-24 but also positions us for sustained success and impact in the years to come.

The People Practice Team's achievements in FY 2023-24 highlight our strategic and holistic approach to HR management, emphasizing well-being, innovation, and inclusivity. Our efforts have solidified our position as an employer of choice in the IT industry, setting a benchmark for excellence and strategic HR management. As we look to the future, we are committed to continuing our journey towards operational excellence, talent development, and cultural enrichment, ensuring that Happiest Minds remains at the forefront of the IT industry.

Quality Management System (QMS)

1. **Quality Policy**

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

   Your Company this year has ventured into Medical device domain as part of the Healthcare Industry Group and has defined Quality Policy for Medical Devices.

   We are committed to deliver Excellence in our services and enable the realization of safe, secure and clinically effective Medical Devices for its intended use, by adopting a risk-based process approach and continually improving processes and systems, aiding in creating value to all our stakeholders and ensuring regulatory compliance, leveraging our core technical competencies in hardware and software development.

2. **QMS Framework**

   Our strategy for continual quality improvement is derived from our Vision, business needs, technology changes, customer feedback, suggestions, and process performance. Our quality processes are derived from industry best practices and are continually improved based on our experience, and our processes have been assessed by external accredited agencies. Your Company has received accreditation on international quality and process models, including ISO 9001:2015. In December 2021, your Company was recertified for ISO 9001:2015 with the external auditors applauding our focus on the digitization of internal processes. There was surveillance audit for ISO 9001:2015 in December 2022. In addition, your Company is certified to Information Security standards like ISO 27001:2013 and privacy standards like ISO 27701:2019 which guides our policies and procedures for protecting information security, our own software enablers and customers' software enablers. To enhance our business capabilities and grow our business in the medical devices domain we have undergone year long journey of aligning QMS framework for Medical devices which also included aligning towards medical device standards of ISO 13485:2016. This would also help us align our process with medical regulatory standards of various regions. During the year under review, your Company got itself certified for ISO 13485:2016 standard.

   To enhance our process towards various IT services provided by us to our customers we have started our journey of enhancing our QMS to align to ISO 20000:2018 standard. We plan for getting certified for this standard in the financial Year 2024-2025.

3. **Engineering Practices.**

   Engineering practices form the crux of successful delivery. Our engineering practices help your Company deliver high-quality software to its customers as per the planned timelines and consistently earn their trust and enable customer happiness. We measure the satisfaction levels of our customers every year and have been consistently improving on the scores, year after year since inception. Our digital driven engineering practices have been well accepted by our customers with some of them adopting these practices in their internal processes. In this Financial year to enhance our data driven engineering practices we have started out journey towards integrating the measures captured by various tools by Integrated Metric dashboard which would help our teams to take quicker decisions and deliver with Agility.

   We have adopted Agile practices to support our Mission of "Born Digital . Born Agile".

4. **Systems Driven**

   Our projects are managed using systems to track project management practices and engineering practices for projects managed within your Company. This is in line with our digital focus on processes and practices. Our Integrated Project Management system helps the delivery to have an end-to-end view of the project at all levels of the management to provide enhanced delivery value to our customers.

   This year we have upgraded our Project management system to the latest platform including moving our entire setup to cloud. This enhanced system will help cater to our 10-year vision along with providing a platform for more Agile processes and practices. Along with our well established Business Intelligence (BI) platform which helps us to provide repots and Dashboards for well informed decision making we have also added No code low code platforms to automate processes and bring in controls for enhanced delivery.

5. **Code Quality**

   Apart from regular code reviews process our projects extensively use Code Quality tools to check the code on various parameters. We have defined Code Quality Index based on the Code Quality metrics and this helps us to deliver high-quality outputs to our customers. We have created groups for focused code review and critical codes will be undergoing this code review. To enhance coding practices, we have introduced new repository system which helps to manage code in more structured and secure way.

6. **Rapid Iteration and Experimentation**

   Fail fast and learn quickly - Agile teams develop solutions through fast cycles of field testing and learning from mistakes. Products and solutions are developed iteratively using minimum viable products i.e., minimum set of features needed to test and learn. This also helps our customers to get an early feel for the products/solutions that they will be using and also help reduce the time for production release. To enhance our testing practices, we have introduced new process and tools.

   Your Company has deployed DevOps practices which include building pipelines for continuous integration, code analysis, testing and deployment of software solutions developed. Some of the practices like continuous deployment, pushing a new release into production based on passing of all the tests, checking code and software quality in the build pipeline and leveraging the build pipeline to get feedback on the health of their software, etc. help your Company to decrease the turnaround to the customers and build better-quality products.

7. **Information Transparency**

   The accessibility, accuracy, and availability of quality, unfiltered data which are critical for organizational agility is deployed across the organization. Various data pipelines and reports are built to enable team members to easily share their ideas and results of their work with those who might benefit from the information.

8. **Continuous Learning**

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

9. **Involve to Evolve**

   We drive continual improvement programs by actively engaging team members across the organization. Focused groups will be formed to make the resources part of the continual improvement journey to bring in the Agile community of practice, technical experts from practice, the estimation work group and the internal audit community. The continuous measurement of benefits accrued from your Company's process improvement initiatives has brought to light a significant reduction in rework, an increase in productivity, adherence to schedules and budget, and significant added value, culminating in customer delight. We have also piloted an excellent framework named "My Customer Happy Customer" (MCHC) which provides balanced view of projects rolled up to customers on various aspects.

10. **Rewards and Recognitions**

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

11. **Customer Connect**

    Your Company has a customer experience framework to understand the behaviours, needs and expectations of individual customers which helps in developing a roadmap for continuous engagement and enriching the customer relationship. As part of this framework, we conduct Customer Happiness Survey, Customer Pulse, bringing Value Adds, etc. We also make sure we have regular reviews with our customers to provide status on current engagement and discuss how we could further help our customers in their IT journey.

    Along with feedback we also have introduced feedforward mechanisms to understand various needs of customers as part of our Customer Happiness Survey and hence better align our strategies towards customer needs.

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

Internal Control System

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

The existing Internal Control Systems and their adequacy are frequently reviewed and improved upon to meet the changing business environment. The Statutory Auditors as well as the Internal Auditors periodically review the Internal Control Systems, Policies and Procedures for their adequacy, effectiveness and continuous operation for addressing risk management and mitigation strategies.

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

Your Company has made the necessary disclosures in Annexure V to this Report in terms of Section 134(3) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014.

Employees' Remuneration

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

Directors' Responsibility Statement

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

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

(ii) Accounting policies have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the financial year 2023-24 and of the profit or loss of the Company for that financial year.

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

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

(v) Your Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operate effectively.

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

Secretarial Standards

During the year under review, your Company has duly complied with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Cost Audit

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

Insolvency and Bankruptcy Code

During the year, there was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 hence the requirement to disclose the details of application made or proceeding pending at the end of financial year is not applicable.

Disclosure under Rule 8(5)(xii) of the Companies (Accounts) Rules,2014

During the year, there were no instances where your Company required the valuation for one time settlement or while taking the loan from the Banks or Financial institutions.

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

The POSH Act stands as a crucial legislation in India dedicated to preventing sexual harassment. It was put in place to ensure a safe and secure working environment for women and to deter harassment in the workplace. We believe that POSH Act has played a significant role in promoting teamwork, diversity and trust within our Company. At Happiest Minds, we are committed to fostering a safe and professional work setting. In addition to maintaining a gender-neutral Anti-Sexual Harassment Policy, we comply with the regulations of the POSH Act. To address complaints related to sexual harassment, we have established an Internal Committee. Further, to support our Internal Committee, we have appointed a legal expert specializing in the subject matter.

Following steps have been taken as a part of the ensuring that we comply to the statutory nature of the POSH Act this year:

POSH Committee: From the inception of the POSH Act, your Company has been compliant with the establishment of the POSH Committee. Complaints of sexual harassment at work will be dealt with judiciously and expeditiously by this committee. The committee comprises female and male members, of whom more than 50% are women. The committee is headed by the Presiding officer and representatives from each business and location.

Training: Based on the requirement of the POSH Act, we have initiated training and certification for all our employees and partners to create awareness about sexual harassment in the workplace and the POSH Act. We have ensured that all our employees and partners who join us have been trained on the POSH Act in India through our online module. All employees and partners completing one year in the Organisation will go through the refresher training. POSH Training is a mandatory training at Happiest Minds and the following are some of the modules that have been covered.

- Walk through of the POSH Act
- What is covered under sexual harassment
- Gender based scenarios under POSH
- Sexual Harassment during remote working
- How to raise a complaint
- Investigation procedure

Please Note: A POSH Refresher is conducted once every two years at Happiest Minds. Failure to complete the mandatory training within the suggested time limit will be reflected under the Performance review of the concerned employee or partner as non-complaint.

Complaints: We have received no POSH complaints during the year under review. Regardless of no complaints, we have ensured that we have created awareness of POSH through our various outreach programs.

Disciplinary action: No disciplinary action was taken as there was no complaint registered during the year under review.

Compliance: As required under POSH Act, we have filed an Annual Report with the competent authorities. All required documents in compliance with the POSH Act have been filed. There have been no non-conformities or observations identified by our competent authorities.

Other Action taken to create awareness: During the year under review, majority of our employees and partners have transitioned to working from the office after operating in a hybrid mode for most of last year. We maintained consistent communication by sharing information and guidelines on POSH compliance. Additionally, we conducted a POSH awareness month, featuring roadshows, posters, and speeches to educate employees and partners about POSH regulations. To reinforce compliance, we prominently displayed POSH posters alongside the statutory boards. All senior leaders have completed training on POSH, showcasing their dedication to nurturing a workplace culture that is free from harassment.

All members of the POSH Committee have been trained, certified and are compliant to the POSH Act's needs to be a part of the Committee.

Full Disclosure Statement: While the provision of the POSH Act covers and protects the women members who are subjected to sexual harassment, we have taken cognizance to expand the scope of our sexual harassment policy to cover all employees and partners irrespective of gender, contractual status, caste, class, race, ethnicity or affinity, however, within the confines of the POSH Act. Company's Policy also applies to visitors, and casual employees. Additionally, all complaints (if any) received by the Internal Committee are reviewed and kept confidential.

Acknowledgements

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

For and on Behalf of Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 5, 2024

Annexure I to Board's Report

Form AOC-1

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

Part A Subsidiaries

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

1	Name of the subsidiary	Happiest Minds Inc	Sri Mookambika Infosolutions Private Limited
2	The date since when subsidiary was acquired	January 01, 2021	January 01, 2023
3	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	April 1, 2023 to March 31, 2024	April 1, 2023 to March 31, 2024
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Reporting Currency – USD Exchange Rate – 83.40	Reporting currency - INR

	Financial Details as on March 31, 2024	Amount in ₹ Lakhs	Amount in ₹ Lakhs
5	Share capital	83	10
6	Reserves and surplus	(372)	1,826
7	Total assets	4,717	2,826
8	Total Liabilities	5,006	990
9	Investments	-	-
10	Turnover	11,293	9,073
11	Profit before taxation	3,128	2,526
12	Provision for taxation	513	705
13	Profit after taxation	2,614	1,821
14	Proposed Dividend	-	-
15	Extent of shareholding (in percentage)	100%	100%

Notes:

1. Names of subsidiaries which are yet to commence operations- Nil
2. Names of subsidiaries which have been liquidated or sold during the year- Nil
3. Part B of the Annexure is not applicable as there are no Associate Companies / Joint Ventures of the Company as on March 31, 2024

For and on behalf of Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

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

Bengaluru
Dated: June 5, 2024

Annexure II to Board's Report

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

1. The ratio of the remuneration of each Director and Key Managerial Personnel to the median remuneration of the employees of the Company for the financial year ended March 31, 2024, and percentage increase in remuneration compared to last financial year:

Director/ KMP	Designation	% increase in remuneration compared to last FY	Ratio to median remuneration of employees
Mr. Ashok Soota	Executive Chairman	50%*	13.17
Mr. Venkatraman Narayanan	Managing Director & CFO	35%*	12.34
Mr. Joseph Vinod Anantharaju	Executive Vice Chairman	9%*	28.59
Mr. Rajendra Kumar Srivastava	Lead Independent Director	NA	1.99
Mrs. Shuba Rao Mayya	Independent Director	NA	1.67
Mrs. Anita Ramachandran	Independent Director	NA	1.67
Mr. Praveen Kumar Darshankar	Company Secretary & Compliance Officer	9.5%	4.47

*The increments were approved in the Board Meeting held on October 17, 2023

Note:

For the purpose of calculation of median, salary at global level with conversion rate as of March 31, 2024, has been considered. The median salary at global level of employment is ₹ 15,00,900/- and at India level of employment is ₹ 14,64,650/-

2. Percentage increase in the median remuneration of employees in the financial year ended March 31, 2024: 11.2%

3. No. of permanent employees on the rolls of Company as on March 31, 2024, was 4,884

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

   11% increase in remuneration in salaries of employees other than managerial personnel against 26% increase in salary of managerial personnel. There has been no exceptional remuneration increase for managerial personnel.

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

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

For and on Behalf of Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 5, 2024

Annexure III to Board's Report

FORM NO. AOC.2

Details of Related Party Transaction

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

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

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

(a)	Name(s) of the related party and nature of relationship	**Not Applicable.**
(b)	Nature of contracts/arrangements/transactions	There were no transactions or arrangements which were not at arm's length, and which were not in the ordinary course of business during financial year 2023-24.
(c)	Duration of the contracts/arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	Date of approval by the Board	
(g)	Amount paid as advances, if any:	
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

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

(a)	Name(s) of the related party and nature of relationship	**Not Applicable.**
(b)	Nature of contracts/arrangements/transactions	There were no material contracts or arrangements with related parties during financial year 2023-24.
(c)	Duration of the contracts/arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Date of approval by the Board	
(f)	Amount paid as advances, if any:	

For and on Behalf of Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 5, 2024

Annexure IV to Board's Report

Annual Report on CSR

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

1. Brief outline on CSR Policy of the Company:

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

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

2. The Composition of the CSR Committee:

Sl. No.	Name of the Director	Nature of Directorship	Designation	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Shuba Rao Mayya	Independent Director	Chairperson	1	1
2	Ashok Soota	Executive Director	Member	1	1
3	Joseph Vinod Anantharaju	Executive Director	Member	1	1

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

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

b) CSR Policy: https://www.happiestminds.com/investors/policy-documents/Corporate%20Social%20Responsibility%20Policy.pdf

c) CSR projects approved by the Board: https://www.happiestminds.com/investors/disclosures/CSR-projects-approved-by-the-Board-for-FY-24.pdf

4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: Not Applicable

5. a) **Average net profit of the Company as per sub-section (5) of section 135:** ₹22,322 Lakhs

b) **Two percent of average net profit of the Company as per sub-section (5) of section 135:** ₹ 446 Lakhs

c) **Surplus arising out of the CSR Projects or programmes or activities of the previous financial years:** 0

d) **Amount required to be set-off for the financial year, if any:** ₹ 31 Lakhs

e) **Total CSR obligation for the financial year [(b)+(c)-(d)]:** ₹ 446 Lakhs

6. a) **Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):**

Ongoing Project : ₹ 54.31 Lakhs

Other than ongoing projects: ₹ 171.95 Lakhs (Refer Annexure IV(a))

b) **Amount spent in Administrative Overheads:** NIL

c) **Amount spent on Impact Assessment, if applicable:** Not Applicable

d) **Total amount spent for the Financial Year [(a)+(b)+(c)]:** ₹ 226.27 Lakhs

e) **CSR amount spent or unspent for the Financial Year:**

Total Amount Spent for the Financial Year. (in ₹Lakhs)	Amount Unspent (in ₹ Lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount.	Date of transfer.	Name of the fund	Amount	Date of Transfer
226.27	223.72	April 29, 2024	NA	NA	NA

f) **Excess amount for set-off, if any**

Sl. No.	Particular	Amount (in ₹ Lakhs)
(i)	Two percent of average net profit of the Company as per sub-section (5) of section 135	446
(ii)	Total amount spent for the Financial Year	226.27
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	0
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	0
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	0

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in ₹ Lakhs)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹ Lakhs)	Amount Spent in the Financial Year (in ₹ Lakhs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection(5) of section 135, if any	Deficiency, if any
					Amount (in ₹ Lakhs)	Date of Transfer		
1	FY-20-21	-	-	-	-	-	-	-
2	FY-21-22	-	-	-	-	-	-	-
3	FY-22-23	-	-	-	-	-	-	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

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

For and on Behalf of Board

Venkatraman N	**Ashok Soota**
Managing Director & CFO	**Executive Chairman**
DIN: 01856347	DIN: 00145962

Bengaluru
Dated: June 5, 2024

Annexure IV (a)

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project		Allotment (in ₹ Lakhs)	Amount spent for the project (in ₹ Lakhs)	Mode of implementation Direct (Yes/No).	Mode of implementation Through implementing agency	
				State	District				Name	CSR Registration Number
1	Tree Plantation - Social Impact Project (Exclusive Adoption)	Environmental sustainability	Yes	Delhi/ Maharashtra	Delhi/ Nagpur	50	50	Yes	-	-
2	Meal donation under PM POSHAN Programme	Promoting education and eradicating hunger	Yes	Karnataka	Bengaluru	100	100	No	The Akshaya Patra Foundation	CSR00000286
3	Percolation Wells under 'One Billion Drops' Project	Environmental sustainability	Yes	Karnataka	Bengaluru	16.55	16.55	No	United Way of Bengaluru	CSR00000324
4	Creating Access to Safe Drinking Water	Environmental sustainability	Yes	Karnataka	Bengaluru	23	23	No	United Way of Bengaluru	CSR00000324
5	Siddalgatta- Social forestry	Environmental sustainability	Yes	Karnataka	Chikkaballapur district	10	10	No	United Way of Bengaluru	CSR00000324
6	Building Climate Resilient Communities, Training Rural Women as Solar Engineers and Electrifying Villages	Environmental sustainability	Yes	Odisha	Mayurbhanj	4.77	4.77	No	Empbindi International Association	CSR00011699
7	Safe Drinking Water	Health and Sanitation	Yes	Odisha	Bhubaneswar	0.54	0.54	Yes	-	-
8	Donation of insulin for under privileged children with Type-1 diabetes	Healthcare	Yes	Karnataka	Bengaluru	20	20	No	Idhayangal Charitable Trust	CSR00003135
9	Tree Plantation	Environmental sustainability	Yes	Karnataka	Bengaluru	1.41	1.41	No	Think Good Foundation	CSR00028312
	Total					**226.27**	**226.27**			

For and on Behalf of Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 5, 2024

Annexure V to Board's Report

A. Conservation of Energy

Your Company recognizes the importance of sustainable practices in driving long-term value for its stakeholders and clients. Over the past year, your Company has implemented several initiatives aimed at reducing its energy consumption and environmental footprint. Through the optimization of production processes, installation of energy-efficient equipment, and implementation of smart technology solutions, your Company has achieved significant gains in energy efficiency across its operations. Most of the office facilities have moved from fluorescent lamps to LED lamps, the IT infrastructure is predominantly on cloud, than in the conventional server racks which consume more power. We also promote responsible use of water through sensor & flow regulated taps. The office facilities are equipped with percolation wells which help in rainwater harvesting thereby storing the water in the water table. We do not use single use disposables.

Overall energy consumption is 39,69,007 KWh, out of which 4,92,559 KWh of energy is generated through our roof top solar initiative which contributes to an increase of 10% of renewable energy compared to last year.

These efforts not only align with our corporate responsibility goals but also contribute to cost savings and operational resilience. As we continue to prioritize sustainability in our business practices, we remain committed to driving positive environmental impact while delivering value to our investors.

B. Technology Absorption

Your Company continues to track trends and latest developments in various technology areas, including those related to Gen AI, Mobility, Big Data Analytics & AI, Cyber Security, Cloud Computing, IoT. Your Company has taken major initiatives and upped its leadership in Low-Code Application Platforms, Analytics/AI & Gen AI space. Your Company developed solutions in Digital Process Automation leveraging intelligent process automation tools and technologies. It has also deepened its partnership with Microsoft for Azure Implementations, Power Platform, Business Applications and Amazon AWS as consulting partner.

Your Company has also entered in Health & Life Sciences, Manufacturing/Automotive space, which helps increase the knowledge base within your Company and enhances the ability of your Company to undertake larger and more complex projects that are of higher value. Your Company started to invest in emerging technologies like Large Language Models (ChatGPT, CoPilot etc.), Low Code Platforms, OT & Hybrid cloud Security, Marketing Analytics, Quantum Computing and strengthening capabilities in Deep Neural Networks (Computer Vision), Blockchain, Drones, Edge Computing etc. Your Company invested in core research ream to work on Gen AI related technologies, specifically in the areas of LLM, both text and images.

Your Company has also embarked on the journey of training all its employees on Gen AI fundamentals and exploring the possibility of using Gen AI in productivity enhancements. Your Company also undertakes continuous quality improvement programs, training programs, deployment and use of tools and technologies for monitoring projects, etc., to help increase efficiencies and productivity.

Research and Development

(i) Specific Areas of Research and Development

During the year under review, your Company continued building technology in Gen AI, IoT, Mobility, Big Data & Analytics, Cyber Security, Quantum Computing and Cloud Technologies that will have a major impact on the global technology landscape with the objective of increasing sales volumes and improving delivery capability. Your Company continued developing capabilities and creating solutions in newer technologies like Zero Trust, AI Governance, DevSecOps, OpenAI GPT-x LLM, Open Source LLM, RAG based solutions - PDF reader (opensource and licensed), Embedding models, Web 3.0, Low-Code Platform, Digital Process Automation, AI, Blockchain, Robotics & Drones leveraging Computer Vision, Edge Computing etc. Your Company has created additional solutions like Cognitive QA to help customers with efficient testing. Your Company has developed IP & Solutions and new services through R&D investment and has built and added new capabilities in the existing solutions – Cyber Risk Prevention & Protection, Identity Vigil, Threat Vigil, Ellipse – Infrastructure Management, Digital Content Monetization, Pro-RiTE Test Automation Solution, UniVu-University Insights Solution and Thing Center – Consumer IoT platform, Connected Product Solution, Power Platform CoE, Conversational Chatbot, accelerators around Pimcore etc. and embarked its journey in development of Patient Engagement Platform as a solution to address Healthcare industry's need.

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

Your Company has gained considerable mind share in the industry by venturing into IP led state-of-the-art solutions as mentioned above. These concerted efforts also helped your Company in creation of new BU – GBS that focuses exclusively on Gen AI related services and has started working with multiple customers on their Gen AI journey, acquire new customers in the focus geographies, receive multiple accreditations, industry recognitions & analyst mentions and increase its share of IP-led revenues for the Company.

(iii) Future Plan of Action

Your Company is continuing to leverage its efforts on digital technologies including increased efforts on IoT, Data Engineering and Analytics/AI, Digital Process Automation, Security and Customer Experience. Your Company continues to expand Gen AI research into Google & AWS Gen AI services along with further R&D on open source LLM, fine tuning of LLM/SLM, multi modal Gen AI specifically around voice and image. Your Company continues to develop solutions in the new disruptive technologies of Quantum Computing, Web 3.0, Marketing Analytics, OT Security, Zero Trust, NW segmentation and reusable components on Low-Code Platform.

(iv) Expenditure on R&D

R&D is carried on by the Company as a part of the ongoing software development activity and expenditure thereof is considered as part of operating expenditure. Total expenses on R&D during FY 2023-24 was ₹ 1,842.90 Lakhs as against ₹ 1,712.40 Lakhs during FY 2022-23.

C. Foreign Exchange Earnings and Outgo:

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

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

ii. Foreign exchange used and earned

(Amount in ₹ Lakhs)

	March 31, 2024	March 31, 2023
Foreign exchange earnings	1,20,664	1,12,270
Foreign exchange outgo	34,000	30,284

For and on Behalf of Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 5, 2024

Annexure VI to Board's Report

Particulars of Top 10 employees in terms of salary drawn during the financial year 23-24 and who, being employed throughout the financial year, received salary of Rs. 102 Lakhs, for the financial year ended March 31, 2024, in terms of Section 134 of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel), 2014:

SL. no	Name of Employee	Date of Joining (-MM-DD-YYYY)	Gross Remuneration	Qualification	Age	Experience (Yrs.)	Last employment	Designation	% of equity shares held within the meaning of clause (iii) of sub-rule (2) of Rule 5
1	Joseph Anantharaju	November 04, 2020	4,17,89,579*	B.E. & PGDM	53	25	Mindtree Limited	Executive Vice Chairman and CEO-PDES	0.28
2	Aurobinda Nanda	August 01, 2011	1,62,23,190	Post Graduate in Computer Applications	55	31	Mindtree Limited	President & COO– PDES	0.49
3	Ashok Soota	April 01, 2011	1,55,25,563	Electrical Engineering & Master in Business Management	81	57	Mindtree Limited	Executive Chairman & Director	50.13
4	Venkatraman N	April 23, 2015	1,54,71,485	Chartered Accountant & Law graduate	53	29	Sonata Software Limited	Managing Director & CFO	0.37
5	Rajesh Sogasu	January 23, 2023	1,17,13,863	B.E	55	32	Microland Group (Microland Limited)	Senior Vice President	0.00
6	Vivek Manu	February 01, 2021	1,08,56,805	B.E Computer Science	49	26	Syncrasy Technologies Pvt Ltd	Senior Vice President PDES	0.00
7	Ganapathi T B	September 05, 2011	1,00,21,308	B.E in Computer Science	53	31	Mindtree Limited	Executive Vice President-IMSS	0.21
8	Sundar Ramaswamy	August 17, 2020	96,05,835	Computer Science and Engineering & Master in Business Management	50	26	Antuit India Pvt. Ltd.	Senior Vice President & Head CoE - Analytics	0.00
9	Vijay Bharti	March 21, 2012	89,96,917	B.E Applied Electronics and Instrumentation	49	27	Wipro Technologies	Senior Vice President-IMSS	0.06
10	Subhasis Bandyopadhyay	September 26, 2022	89,75,585	MBA	56	32	Mindtree	Vice President-PDES	0.00

* Converted to INR from USD

Note:

1. All the employees included in the table above are permanent employees of the Company and their appointments are non-contractual.
2. In terms of proviso to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, particulars of employees posted and working in a country outside India, not being Directors or their relatives, have not been included in the above statement.
3. None of the above employees are relative of any Directors.
4. There were no employees who were employed for a part of the financial year who received monthly salary of Rs. 8.5 Lakhs or above

For and on Behalf of Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 5, 2024

Annexure VII to Board's Report-

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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

To
The Members of Happiest Minds Technologies Limited

We have examined all the relevant records of **Happiest Minds Technologies Limited** for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2024. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

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

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

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

For V Sreedharan & Associates
Company Secretaries

Devika Sathyanarayana
Partner
FCS 11323; C.P.No.17024
UDIN: F011323F000204219

Place: Bengaluru
Date: April 22, 2024

Annexure VIII to Board's Report-MR-3

Form No. MR-3
SECRETARIAL AUDIT REPORT
[Pursuant to Sub Section (1) of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the Financial Year Ended March 31, 2024

To
The Members
Happiest Minds Technologies Limited
CIN: L72900KA2011PLC057931
53/1-4, Hosur Main Road, Madivala
(Next to Madivala Police Station)
Bengaluru - 560068

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Happiest Minds Technologies Limited** (the Company) having a CIN: L72900KA2011PLC057931. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on March 31, 2024 according to the provisions of:

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

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

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

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

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

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

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

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

   d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

   e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

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

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not Applicable to the Company during the Audit Period);

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

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

vi. We have relied on the representations made by the Company and its officers for compliance under other laws specifically applicable to the industry to which the Company belongs, as under subject to the explanation given below.

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

   b. Software Technology Parks of India rules and regulations

Based on the review of systems and processes adopted by the Company and the Statutory Compliance self-certification by the Managing Director of the Company which was taken on record by the Board of Directors, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines as per the list of such laws as mentioned above in point no. vi.

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

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

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

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

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

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period under review.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were duly sent in respect of all the meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

We further report that during the audit period the following events / actions were having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

a. Issue and allotment of 4,500 (Four thousand five hundred) rated, listed, negotiable, unsecured, redeemable non-convertible debentures of the nominal value of ₹ 1,00,000/- (One Lakh Only) each to Citibank N.A. India on private placement basis as approved by the Board of Directors in their meeting held on 8th May 2023.

b. Issue and allotment of 3,500 (Three Thousand Five Hundred) rated, listed, negotiable, unsecured, redeemable non-convertible debentures of the nominal value of ₹ 1,00,000/- (Rupees One Lakh) each to Citibank N.A. India on private placement basis as approved by the Board of Directors in their meeting held on 26th September, 2023.

c. The fund-raising committee of the Company has allotted 54,11,255 equity shares of face value of ₹2 each of the Company (the "Equity Shares") aggregating to 500-/ Crores to Qualified Institutional Buyers (QIB) on private Placement Basis.

d. The Board has approved the Scheme of Amalgamation of Sri Mookambika Infosolutions Private Limited (Wholly Owned Subsidiary – Transferor Company) with Happiest Minds Technologies Limited (Holding Company - Transferee Company) and their respective shareholders and creditors, as per Section 230 to 232 and other relevant provisions of the Companies Act, 2013.

For V Sreedharan & Associates
Company Secretaries

Devika Sathyanarayana
Partner
FCS 11323; C.P.No.17024
UDIN: F011323F000203614

Place: Bengaluru
Date: April 22, 2024

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

'Annexure'

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

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

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

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

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

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

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

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

For V Sreedharan & Associates
Company Secretaries

Place: Bengaluru
Date: April 22, 2024

Devika Sathyanarayana
Partner
FCS 11323; C.P.No.17024
UDIN: F011323F000203614

Management Discussion and Analysis

Company Overview

Being a Mindful IT Company, we enable digital transformation for enterprises and technology providers by delivering seamless customer experiences, business efficiency and actionable insights. We do this by leveraging a spectrum of disruptive technologies such as: artificial intelligence, blockchain, cloud, digital process automation, internet of things, robotics/drones, security, virtual/ augmented reality, etc. Positioned as 'Born Digital . Born Agile', our capabilities span across Product & Digital Engineering Services (PDES), Generative AI Business Services (GBS) and Infrastructure Management & Security Services (IMSS). We deliver these services across industry groups: Banking, Financial Services & Insurance (BFSI), EdTech, Healthcare & Life Sciences, Hi-Tech and Media & Entertainment, Industrial, Manufacturing, Energy & Utilities, and Retail, CPG & Logistics. The Company has been recognized for its excellence in Corporate Governance practices by Golden Peacock and ICSI. A Great Place to Work-Certified™ company, Happiest Minds is headquartered in Bengaluru, India with operations in the U.S., UK, Canada, Australia and the Middle East.

Industry overview

In 2023, Generative AI (GenAI) and ChatGPT sparked a global revolution, with the AI Software & Services market now valued at approximately $100 billion. Indian tech giants and mid-scale players are investing in GenAI solutions, positioning India as a top-5 nation in AI talent. The IT services sector is expected to grow by 2% in FY-2025, as per NASSCOM estimates. This growth is driven by increased demand for infrastructure management, networking services, cloud-based software testing, and consulting services. The Engineering Research & Development (ER&D) segment is projected to expand at 7.4%, emphasizing digital engineering.

Business overview

Our business is divided into 3 Business units.

- **Infrastructure Management & Security Services (IMSS):** Happiest Minds' comprehensive suite of IT Infrastructure and Security Services is empowering businesses to leverage technology effectively, drive innovation, and protect their digital assets against evolving threats. With a customer-centric approach and a focus on innovation, we continue to be a trusted partner for organizations seeking to embark on their digital transformation journey while ensuring the highest levels of security and reliability. Our deep expertise and large pool of experienced professionals and frameworks based on best industrial practices, which help us in addressing the next gen needs of our customers with agility, flexibility, and cost-effectiveness. Happiest Minds IT Infrastructure Management and Security Services offer life-cycle services right from advisory, transformation, operations to management phases spanning across various domains, business size and regions.

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

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

  The Company re-structured its Business Units by establishing new business unit Generative AI Business Services (GBS) and merging DBS, PES into new Business Unit called Product and Digital Engineering Services (PDES). The other Business Unit IMSS continues to operate. For more information refer page 40-53.

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

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

- **Analytics / Artificial Intelligence (AI):** Our analytics/AI offering includes implementation of advanced analytics using artificial intelligence, machine learning and statistical models, engineering big data platforms to deal with large volume of data, creating actionable insights with data warehousing, modernization of data infrastructure and process automation through AI.

- **Digital Process Automation (DPA):** Our DPA offering includes consulting led digital transformation through process automation of core business applications, products and infrastructure landscape of our customers, leveraging various intelligent process automation tools and technologies including Robotic Process Automation (RPA), Intelligent Business Process Management (iBPMS) and cognitive automation using AI & machine learning based models.

Significant matters affecting our operations

Customer relationships

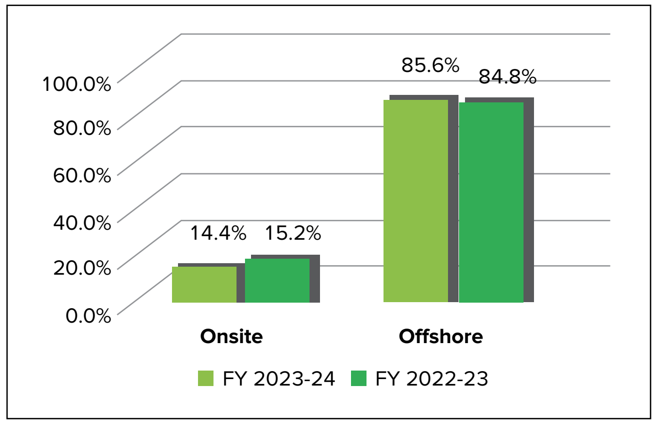
Customer relationships are the core of our business. During FY 2024, we increased average count of our active customers to 250 from 237 in FY 2023. Our ability to grow our customer base and drive market adoption of our software is affected by the pace at which organizations digitally transform. We expect that our revenue growth will be primarily driven by the pace of adoption of our offerings. We believe the degree to which prospective customers recognize the need for our offerings to maximize their business process would lead to a higher budget allocation by such prospective customers for engaging our services. This will drive our ability to acquire new customers and increase sales to existing customers, which in turn, will affect our future financial performance.

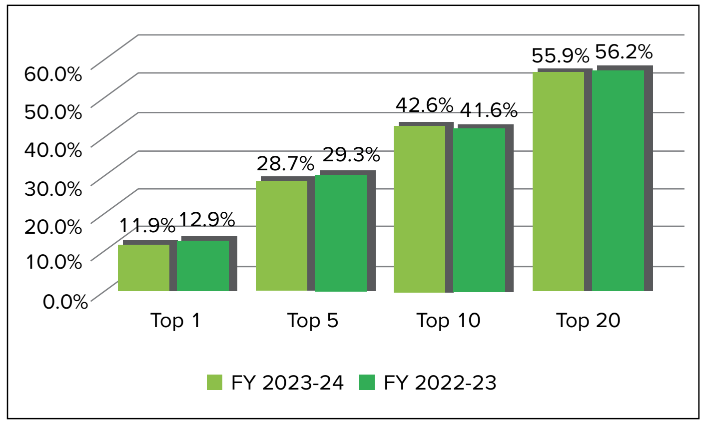
We believe that we have benefited from growth in the global software development services industry. Growth in the industry is driven by major corporations' need, to maintain and upgrade the technology and services required to operate cost-efficiently. Software companies are also increasingly outsourcing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

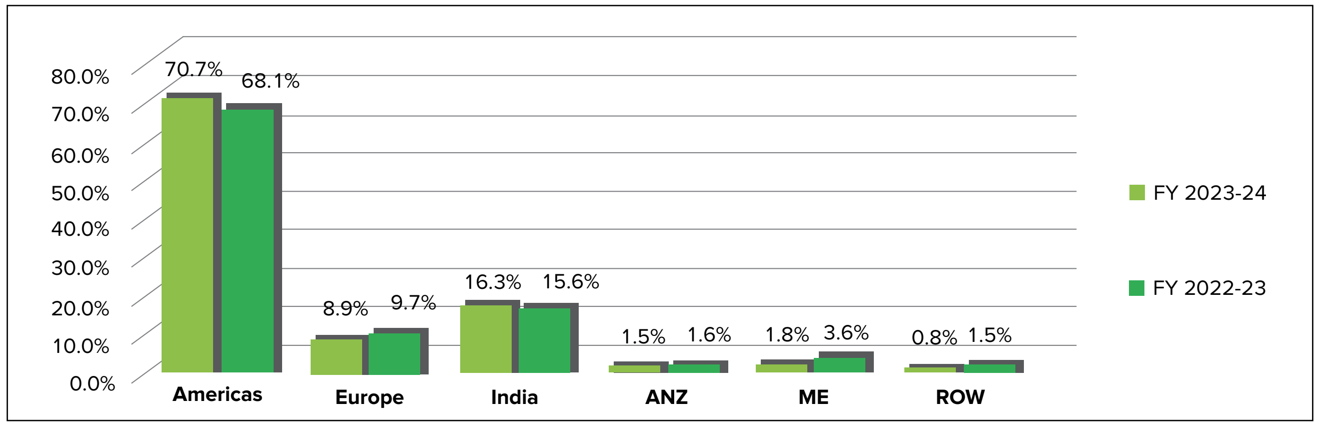
We believe we have a substantial opportunity to grow our customer base. We have invested, and intend to continue to invest, to drive sales to new customers. We have made, and plan to continue to make, investments to enhance the expertise of our sales and marketing organization within our business verticals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

We go deeper into our customers through our cross-selling and upselling of services. Our wide spectrum of service offerings and philosophy of account growth through a 'land and expand strategy' makes this possible. Our ability to increase sales to existing customers depends on several factors, including the size of our sales force, professional services teams, customers' satisfaction with our services, economic conditions and our customers' spending budget. We believe that our ability to establish and strengthen customer relationships and expand the scope of our services remain an important factor in growth and ability to generate profits.

Revenue composition







Management of Employees and Employee Costs

Our ability to recruit, train, retain and deploy our workforce of IT professionals Influence our profit margins and the results of our operations. We ended March 31, 2024, with a headcount of 4,726 IT professionals. This number was 4,498 as of March 31, 2023. Attrition of IT professionals showed a decreasing trend during the year.

Business growth requires us to ramp up our head count at the same time. Balancing these factors of recruitment and attrition requires quite a bit of fine balancing and planning. If we recruit too many, utilization will drop leading to margin erosion and if we recruit too less, we lose revenues. Attrition and its costs to business are very clear. Thus, our success largely depends on our ability to attract, train and retain our Happiest Minds, particularly our highly skilled engineering and IT professionals.

Our employee costs consist of salaries, wages and bonus, contribution to provident fund and other funds, employee stock compensation expense, compensated absences, gratuity and staff welfare. Salaries and wages in India, especially in the services industry, have historically been lower than those in the United States, Europe and other developed economies. However, if these costs in India continue to increase at a rate faster than rate in the United States, Europe and other developed economies due to competitive pressures, we may experience a greater increase in our employee costs, thereby eroding one of our principal cost advantages over competitors in the United States, Europe and other developed economies.

In addition, our ability to manage our employee costs will also be heavily impacted by our international and domestic resource mix. For example, any increases in visa fees or healthcare insurance costs for employees located in developed countries such as USA and Canada, would increase our employee costs. Training is an imperative and a key cost element. The ability to train our people on the right technology, invest in them ahead of time is a very important element to manage their deployment into projects and also motivating them to stay engaged. All the above aspects of people and its correct management is critical to the continuous success of the Company.

Foreign currency fluctuations

Since most of our revenue is in foreign currency, we carry foreign exchange risks on transactions and translations. Although our foreign currency expenses partly provide a natural hedge, we are exposed to foreign exchange rate risk in respect of revenue, or expenses entered into a currency where corresponding expenses or revenue are denominated in different currencies. Major currencies in which we have exposures are US Dollars, Euro, British Pound Sterling, Emirati Dirham, Australian Dollars, Canadian Dollars and Swedish Krone. We have put in place an active foreign exchange hedging policy to mitigate the risks arising out of foreign exchange fluctuations. In addition, the overall competitiveness of the Indian IT industry in the global market is also significantly dependent on favorable exchange rates.

Financial conditions

Assets

1. **Tangible and intangible assets**

₹ Lakhs

	FY 2023-24	FY 2022-23
Property, plant, and equipment	13,778	13,278
Right-of-use assets	5,698	5,786
Capital work-in-progress	9	185
Other intangible assets	7,786	10,182
Intangible assets under development	22	81
Goodwill	14,032	13,913
Total	**41,325**	**43,425**

Property, plant, and equipment:

Property, plant, and equipment has increased to ₹ 13,778 Lakhs as of March 31, 2024, from ₹ 13,278 Lakhs as of March 31, 2023. The increase is mainly due to, as a go green initiative, installation of solar panels to generate electricity at our facilities in Bengaluru and re-structuring of own building at Electronic city to increase the seating capacity.

Right-of-use assets:

Right of use assets have been recognized at ₹ 2,571 Lakhs in FY 24. These assets are primarily related to office premises occupied by the Group across locations in India, laptops purchased on lease and motor vehicles bought on lease. The increase in Right of Use assets is due to leasing of new premises in Pune and expansion of facility center in Noida. Also, new laptops were purchased to cater to increase in head count. These expansions and additions are in line with overall growth.

Other intangible assets:

Other intangible assets as on March 31, 2024 is ₹ 7,786 Lakhs. These other intangible assets include i) intangible assets such as trademark, non-compete, Customer relationships, non-compete, exclusive license which are acquired in a business combination. These are initially recorded at fair value on the date of acquisition and are amortised over estimated useful life (refer table below for use life of other intangible assets) and ii) software licenses which are bought for perpetual use. Decrease in other intangible assets during FY 24 is on account of amortization of intangible assets which are acquired in business combination of SMI.

Below is the useful life of other intangible assets:

Assets	Useful life
Computer software	2.5-3 years
Non-compete fees	3 years
Customer relations	3-7 years
Trademark	2-3 years
Exclusive license	2 years

Goodwill:

The carrying value of goodwill as on March 31, 2024 is ₹ 14,032 Lakhs. This includes ₹ 611 Lakhs relating to the business acquisition of Cupola Technology Private Limited, ₹ 8,017 Lakhs relating to the business acquisition of Happiest Minds Inc. (formerly known as PGS Inc.) and ₹ 5,404 Lakhs relating to business acquisition of Sri Mookambika Infosolutions Private Limited (SMI).

This goodwill is tested for impairment annually by the Company.

2. **Trade receivables**

Trade receivables amounted to ₹ 25,444 Lakhs (net of provision for doubtful debt of ₹ 1,157 Lakhs) as on March 31, 2024 in comparison to ₹ 21,319 Lakhs (net of provision for doubtful debt of ₹ 781 Lakhs) as on March 31, 2023.

Days Sales Outstanding has continued to remain at 87 days as on March 31, 2024.

3. **Other current and non-current assets**

₹ Lakhs

	FY 2023-24			FY 2022-23		
	Current	Non-Current	Total	Current	Non-Current	Total
Other Financial assets	**13,850**	**2,480**	**16,330**	**12,237**	**9,389**	**21,626**
Other assets:						
Income tax assets (net)	-	1,529	1,529	-	1,310	1,310
Deferred tax assets (net)	-	1,636	1,636	-	1,246	1,246
Loans	37	-	37	64	-	64
Other assets	4,793	32	4,825	4,495	119	4,614
Total other assets	**4,830**	**3,197**	**8,027**	**4,559**	**2,675**	**7,234**
Total	**18,680**	**5,677**	**24,357**	**16,796**	**12,064**	**28,860**

Other financial assets majorly include unbilled revenue (unbilled revenue for fixed price contract included in other assets), fixed deposit with maturity period more than 12 months (this is classified as non-current other financial assets), interest accrued on fixed deposits and cash flow hedges on foreign currency forward contract & cross currency interest rate swap.

Total Other financial assets decreased to ₹ 16,330 Lakhs as on March 31, 2024, from ₹ 21,626 Lakhs as on March 31, 2023, mainly on account of fixed deposits with maturity over 12 months, in FY 2023, was classified under other financial assets (non-current). In FY 2024, these deposits are classified under Bank and bank balance other than cash and cash equivalents as maturity period is less than 12 months. Days of sales outstanding of unbilled revenue (including that classified as non-financial asset) is 29 days as on March 31, 2024, compared to 31 days as on March 31, 2023.

Other assets majorly include unbilled revenue for fixed price contract and prepaid expenses. As required under Ind AS 115 'revenue from contracts with customers', unbilled revenue for fixed-price contracts, where the contractual right to consideration is dependent on completion of contractual milestones and not upon passage of time, is classified as non-financial asset.

Other assets increased to ₹ 8,027 Lakhs as on March 31, 2024 from ₹ 7,234 Lakhs as on March 31, 2023 mainly on account of prepaid expenses.

4. Investments, cash and cash equivalents

₹ Lakhs

	FY 2023-24	FY 2022-23
Other financial assets - non-current	1,699	8,851
Bank balances other than cash and cash equivalent	1,22,183	62,184
Cash and cash equivalent	11,470	6,999
Total	**1,35,352**	**78,034**

The Company has classified fixed deposits and margin money deposits: i) with maturity date more than 12 months under 'Other financial assets – non current' and ii) with maturity date less than 3 months under 'Bank balances other than cash and cash equivalent'

The Company has invested in fixed deposits ₹ 1,23,882 Lakhs as on March 31, 2024 as against ₹ 71,035 Lakhs as on March 31, 2023. The weighted average rate of interest for FY 24 is 7.28 %.

Cash and cash equivalents include both rupee accounts and foreign currency accounts with banks. The bank balances in overseas accounts are maintained to meet the expenditure of the overseas operations.

Bank balances other than cash and cash equivalent are term deposits, in rupee having maturity of more than 3 months.

Liabilities

1. Share capital

₹ Lakhs

	FY 2023-24	FY 2022-23
Authorised:		
22,93,00,000 equity shares of ₹2/- each	4,586	4,586
(Previous year: 22,93,00,000 equity shares)		
Issued, subscribed and fully paid up:		
14,93,54,426 equity shares of ₹2/- each	2,987	2,866
(Previous year: 14,31,88,555 equity shares of ₹2/- each)		
Total	**2,987**	**2,866**

During the year, The Group raised capital of ₹50,000 Lakhs through Qualified Institutions Placement ("QIP") of equity shares. The Fund-Raising Committee of the Board of Directors of the Company, at its meeting held on July 14, 2023, approved the allotment of 54,11,255 equity shares of face value ₹2 each to eligible investors at a price ₹924 per equity share (including a premium of ₹922 per equity share)

2. Other equity

Other equity at the end of March 31, 2024 stood at ₹ 1,45,037 Lakhs as against ₹ 81,016 Lakhs as at March 31, 2023. The increase primarily attributes to increase in security premium on account of capital raised through Qualified Institutions Placement ("QIP") of equity shares (refer note under "Share capital" above). The increase in retained earnings from ₹ 39,064 Lakhs as at March 31, 2023 to ₹ 55,042 Lakhs as at March 31, 2024 on account of net profit for the year, reduced by dividend paid.

₹ Lakhs

	FY 2023-24	FY 2022-23
Securities premium	90,318	41,556
Retained earnings	55,042	39,064
Other reserves	(323)	396
Total	**1,45,037**	**81,016**

3. Financial liabilities

₹ Lakhs

	FY 2023-24			FY 2022-23		
	Current	Non-Current	Total	Current	Non-Current	Total
Borrowings	33,792	10,445	44,237	35,477	11,278	46,755
Lease liabilities	2,412	4,570	6,982	1,859	4,761	6,620
Other financial liabilities	5,810	401	6,211	7,428	1,996	9,424
Trade payables	7,915	-	7,915	7,052	-	7,052
Total	**49,929**	**15,416**	**65,345**	**51,816**	**18,035**	**69,851**

Total borrowings as of March 31, 2024, is ₹ 44,237 Lakhs as against ₹ 46,755 Lakhs as of March 31, 2023. The decrease in borrowings is on account of repayment of Foreign currency loan (PCFC) and foreign currency term loan.

Total lease liabilities as of March 31, 2024, is ₹ 6,982 Lakhs as against ₹ 6,620 Lakhs as of March 31, 2023. The increase in lease liabilities is majorly on account of expansion of facility center in Pune and Noida.

Other financial liabilities include contingent consideration measured at fair value, hedge reserve and employee related liabilities such as provision for variable pay.

4. Other liabilities

₹ Lakhs

	FY 2023-24			FY 2022-23		
	Current	Non-Current	Total	Current	Non-Current	Total
Provisions	2,136	3,338	5,474	1,775	2,466	4,241
Deferred tax liabilities (net)	-	1,303	1,303	-	2,060	2,060
Income tax liabilities (net)	12	-	12	517	-	517
Contract liabilities	1,825	-	1,825	1,157	-	1,157
Other current liabilities	2,796	-	2,796	2,375	-	2,375
Total	**6,769**	**4,641**	**11,410**	**5,824**	**4,526**	**10,350**

Provisions comprise of employee benefits on account of compensated absences and post-retirement benefits such as gratuity. Total provision as of March 31, 2024, stood at ₹ 5,474 Lakhs as against ₹ 4,241 Lakhs as on March 31, 2023. The main reason for increase being head count additions made during the year.

Contract liabilities include unearned revenue and other current liabilities include statutory dues payable to government authorities like TDS, PF, professional tax etc.

Results of our consolidated operations

₹ Lakhs

	FY 2023-24		FY 2022-23	
	₹ Lakhs	% of total income	₹ Lakhs	% of total income
Income				
Revenue from contracts with customers	1,62,466	95.0%	1,42,929	98.5%
Other income	8,537	5.0%	2,111	1.5%
Total income	**1,71,003**	**100.0%**	**1,45,040**	**100.0%**
Expenses				
Employee benefits expense	1,01,469	59.3%	80,681	55.6%
Depreciation and amortisation	5,829	3.4%	4,191	2.9%
Finance costs	4,227	2.5%	2,186	1.5%
Other expenses	27,412	16.0%	26,362	18.2%
Total expenses	**1,38,937**	**81.2%**	**1,13,420**	**78.2%**
Profit before exceptional items and tax	**32,066**	**18.8%**	**31,620**	**21.8%**
Exceptional items	1,402	0.8%	(634)	(0.4)%
Profit before tax	**33,468**	**19.6%**	**30,986**	**21.4%**
Tax expense	8,629	5.0%	7,887	5.4%
Profit for the year	**24,839**	**14.5%**	**23,099**	**15.9%**
Other comprehensive income for the year, net of tax	**(875)**	**(0.5)%**	**(349)**	**(0.2)%**
Total comprehensive income for the year	**23,964**	**14.0%**	**22,750**	**15.7%**
Profit for the year	**24,839**		**23,099**	
Attributable to:				
Equity holders of the parent	24,839		23,099	
Non-controlling interests				
Total comprehensive income for the year	23,964		22,750	
Attributable to:				
Equity holders of the parent	23,964		22,750	
Non-controlling interests				
Earnings per equity share				
Equity shares of par value ₹ 2/- each				
Basic	₹ 16.73		₹ 16.13	
Diluted	₹ 16.73		₹ 16.01	

Comparison between FY 2024 and FY 2023

1. Income

a. Revenue from contracts with customers

₹ Lakhs

	FY 2023-24	FY 2022-23
Sale of service	1,62,179	1,42,605
Sale of licenses (net)	287	324
	1,62,466	**1,42,929**

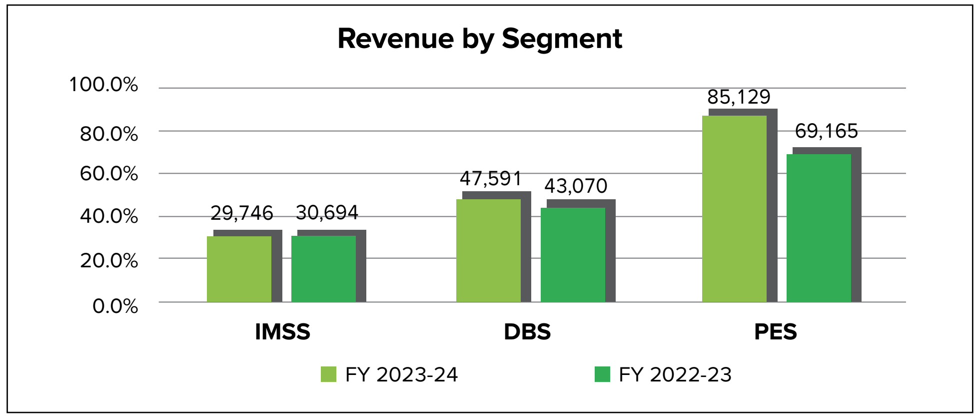
During the year revenue from contracts with customers grew by 13.7 % from ₹ 142,929 Lakhs in FY 2022-23 to ₹ 1,62,466 Lakhs in FY 2023-24. Main factors that led to the increase in revenue are i) Favorable exchange rate: In FY 24 USD to ₹ rate depreciated by, on an average, by 3% during the year. This contributed to the portion of increase in revenue ii) Improved billing rates: During the year we could bill our customers at a better rate than FY 23. iii) Increase in volume: Due to the increase in head count, we had additional volume to generate additional revenue.

Our revenue from contract with customers are generated from three business units, namely:

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

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

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



Our revenue from Infrastructure Management & Security Services decreased by 3.1% from ₹ 30,694 Lakhs in FY 2022-23 to ₹ 29,746 Lakhs in FY 2023-24. Revenue from Digital Business Services increased by 10.5% from ₹ 43,070 Lakhs in FY 2022-23 to ₹ 47,591 Lakhs in FY 2023-24. Revenue from Product Engineering Services increased by 23.1% from ₹ 69,165 Lakhs in FY 2022-23 to ₹ 85,129 Lakhs in FY 2023-24.

b. Other income

₹ Lakhs

	FY 2023-24	FY 2022-23
Interest income	7,958	2,610
Gain on sale of investments measured at FVTPL	18	803
Exchange gain / (loss)	459	(1,433)
Rent concession	-	71
Miscellaneous income	102	60
Total other income	**8,537**	**2,111**

Other income consists of income from investment, foreign exchange gain / (loss) and miscellaneous income. During the FY 2023-24, other income increased to ₹ 8,537 Lakhs from ₹ 2,111 Lakhs in FY 2022-23.

Income from investment:

Income from investment primarily includes interest on fixed deposits in various banks. Interest from fixed deposits is higher in FY 2023-24 compared to interest in FY 2022-23 mainly on account of increased investments in fixed deposits. As rate of return is higher from fixed deposits than from mutual funds, all the amounts from mutual funds were invested in fixed deposits from beginning of FY 2023-24.

Foreign exchange gain / (loss):

To mitigate our foreign exchange risk, we have a long-term hedging policy. We hedge exposures in major currencies such as the US dollar and the GBP. Our hedging policy runs on a net exposure basis, typically on rolling 12 months basis. These hedges provide for payments by banks to us in the situations where the spot exchange rate on maturity is lower than the rate at which hedges were entered and payment by us to the banks in situations where the spot exchange rate on maturity is higher than the rate at which the hedges were entered. Our foreign exchange gain has increased to ₹ 459 Lakhs for FY 2023-24 as against loss of ₹ 1,433 Lakhs in FY 2022-23. This is mainly due to INR depreciation during the year resulting in increased realized and un-realized gains. The Company further availed benefit of better average hedge rates during the year as compared to the previous year.

2. Expenses:

a. Employee benefits expense

₹ Lakhs

	FY 2023-24	FY 2022-23
Salaries, wages and bonus	94,291	74,999
Contribution to provident fund	4,675	3,768
Employee stock compensation expense	47	120
Gratuity expense	876	559
Compensated absences	1,025	831
Staff welfare expenses	555	404
Total employee benefits expense	**1,01,469**	**80,681**

Employee benefit expenses includes salaries (including overseas); staff welfare; contributions to provident and other funds, and gratuity funds. Our employee benefit expenses increased by 25.8% to ₹ 1,01,469 Lakhs for the FY 2023-24 from ₹ 80,681 Lakhs for the FY 2022-23. The increase is on account of the increase in employee count in line with business growth, changes to employee mix and increments. This has also resulted in higher contributions to the provident and other funds, social security and payroll taxes.

b. Depreciation and amortization

₹ Lakhs

	FY 2023-24	FY 2022-23
Depreciation of property, plant and equipment	495	248
Amortisation of intangible assets	2,675	1,417
Depreciation of right-of-use assets	2,659	2,526
Total depreciation and amortisation expense	**5,829**	**4,191**

Tangible and intangible assets including Right of Use assets are amortized over periods corresponding to their estimated useful lives. Our depreciation and amortization expense increased by 39.1% to ₹ 5,829 Lakhs for the FY 2023-24 from ₹ 4,191 Lakhs for the FY 2022-23. The increase is primarily due to amortization of intangible assets which were recognized on consolidation of subsidiary, Sri Mookambika Infosolution Private Limited ("SMI"). In FY 23, SMI was consolidated from January 01, 2023. So only 3 months amortization cost was there. However, in FY 24 it includes full 12 months amortization cost. Also, during the year, new facility centers were opened at Pune and Noida, because of which there is an increase in depreciation of right-of-use assets.

c. Finance costs

₹ Lakhs

	FY 2023-24	FY 2022-23
Interest on borrowings	2,460	1,548
Interest on non-convertible debenture	948	10
Interest on lease liabilities	614	544
Unwinding of interest in contingent consideration	205	84
Total finance costs	**4,227**	**2,186**

Finance cost consists of interest on borrowing (both long term and short term), interest on non-convertible debentures, interest on lease liabilities and unwinding interest in contingent consideration. During the FY 2023-24 finance cost increased to ₹ 4,227 Lakhs from ₹ 2,186 Lakhs in FY 2022-23. The increase is primarily because of the issue of additional non-convertible debentures during the year and increased interest cost on PCFC.

d. Other expenses

₹ Lakhs

	FY 2023-24	FY 2022-23
Power and fuel	567	441
Subcontractor charges	12,851	14,916
Repairs and maintenance	886	595
Rent expenses	549	349
Advertising and business promotion expenses	873	655
Commission	45	46
Communication costs	266	234
Insurance	138	118
Legal and professional fees	1,040	550
Audit fees	104	88
Loss on property, plant and equipment sold / scrapped, net	1	1
Software license cost	4,775	3,946
Rates and taxes	91	55
Recruitment charges	787	982
Impairment loss allowance on trade receivables	536	(59)
Impairment loss allowance on unbilled revenue	(6)	59
Commission& Sitting fees to non-executive directors	95	80
CSR expenditure	470	336
Travelling and conveyance	2,753	2,366
Postage and courier	40	86
Training expense	413	379
Miscellaneous expenses	138	139
Total finance costs	**27,412**	**26,362**

Other expenses primarily comprise of (i) subcontractor charges, (ii) software license cost, (iii) travelling and conveyance, (iv) Recruitment charges and (v) Advertisement and business promotion expenses. During the year other expenses increased by 4.0% from ₹ 26,362 Lakhs in FY 2022-23 to ₹ 27,412 Lakhs in FY 2023-24. The increase was due to higher travel costs, recruitment charges and increase in CSR spend.

3. Profit before exceptional items and tax:

Our profit before exceptional items and tax increased by 1.4% to ₹ 32,066 Lakhs for the FY 2023-24 from ₹ 31,620 Lakhs for the FY 2022-23.

4. **Exceptional items:**

FY 2023-24:

(I) On January 1, 2023, the Group obtained operational and management control of Sri Mookambika Infosolutions Private Limited ('SMI'), a Madurai based Company which provides IT services, through a Control Agreement. 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 payable over the next 2 years subject to achievement of set targets. The Company paid the cash consideration of ₹ 11,132 Lakhs on February 6 2023 and the shares were transferred on the same day. 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 contingent consideration was classified as a financial liability as per Ind AS 109 'Financial Instruments' and was measured at fair value. The Accounting Standard mandates that any subsequent changes in such fair value will have to be recognized in the statement of profit and loss. The total consideration for acquisition of SMI includes a contingent consideration payable over a period of 2 years ending December 31, 2024. The Group has re-measured the fair value of the liability and the change in fair value of INR 143 Lakhs (March 31, 2023: Nil) is recognized as gain on derecognition of contingent consideration in the statement of profit and loss and disclosed as an 'Exceptional Item' for the year ended March 31, 2024.

(II) The Group had acquired 100% Equity 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 as per Ind AS 109 'Financial Instruments' and was measured at fair value. The Accounting Standard mandates that any subsequent changes in such fair value will have to be recognized in the statement of profit and loss. The Group has re-measured the fair value of the liability and the change in fair value has been recognised in the statement of profit and loss and disclosed as an 'Exceptional Item' for the quarter and year ended March 31, 2024. The Group has re-measured the fair value of the liability and the change in fair value of INR 1,259 Lakhs (March 31, 2023: INR -634 Lakhs) is recognized as gain on derecognition of contingent consideration in the statement of profit and loss and disclosed as an 'Exceptional Item' for the year ended March 31, 2024.

FY 2022-23:

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 Lakhs has been recognized in the statement of profit and loss and disclosed as 'Exceptional Item'.

5. **Profit before tax:**

Our profit before tax increased by 8.0% to ₹ 33,468 Lakhs for the FY 2023-24 from ₹ 30,986 Lakhs for the FY 2022-23.

6. **Tax expense:**

Income tax expense comprises current tax and deferred tax. Current tax is the amount expected to be paid to the tax authorities in accordance with the applicable tax laws in relevant jurisdictions. Deferred tax assets and liabilities reflect the impact of temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements as well as other deferred tax assets recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available. During the year current tax expense increased to ₹ 9,518 for the FY 2023-24 from ₹ 8,508 Lakhs for the FY 2022-23 mainly on account of increase in profit.

7. **Profit for the year:**

As a result of the foregoing factors, our net profit increased by 7.5% to ₹ 24,839 Lakhs for the FY 2023-24 from ₹ 23,099 Lakhs for the FY 2022-23.

Liquidity

The Company continues to maintain a healthy liquidity position for the year, meeting the cash requirements through its internal accruals, funds received through QIP and from the issue of non-convertible debentures. Apart from cash and cash equivalents, the Company's overall investment position in mutual funds and bank deposits has increased to ₹ 1,23,882 Lakhs as on March 31, 2024 from ₹ 71,035 Lakhs as on March 31, 2023.

The table below 0summarizes our consolidated cash flows.

₹ Lakhs

	FY 2023-24	FY 2022-23
Net cash flows from operating activities	21,256	20,717
Net cash flows used in investing activities	(46,641)	(35,102)
Net cash flows from/(used) in financing activities	36,347	7,207
Net increase / (decrease) in cash and cash equivalents	**10,962**	**(7,178)**
Cash and cash equivalents at the beginning of the period	6,999	6,735
Effect of exchange differences on translation of foreign currency cash and cash equivalents	55	323
Less : Bank overdraft at the beginning of the year	(7,119)	-
Cash and cash equivalents at the end of the period	**10,897**	**(120)**

1. **Operating activities**

Our net cash flows from operating activities was ₹ 21,256 Lakhs in FY 2024. Our operating cash flow before working capital changes was ₹ 34,561 Lakhs in FY 2024, which was primarily adjusted by depreciation/amortisation of property, plant and equipment, intangibles and right-of-use assets of ₹ 5,829 Lakhs, Gain on derecognition of contingent consideration of ₹ 1,402 Lakhs and finance cost of ₹ 4,227 Lakhs, partially offset by interest income of ₹ 7,958 Lakhs. Our movements in working capital primarily consisted of increase in trade receivables of ₹ 4,533 Lakhs, increase in trade payables of ₹ 823 Lakhs, increase in financial assets of ₹ 1,240 Lakhs and an increase in non-financial liabilities of ₹ 411 Lakhs.

2. **Investing activities**

Net cash flows used in investing activities was ₹ 46,641 Lakhs. This was primarily due to investment in fixed deposit for ₹ 52,847 Lakhs, purchase of property, plant and equipment ₹ 823 Lakhs which is partially offset by interest income of ₹ 7,214 Lakhs.

3. **Financing activities**

Net cash from financing activities was ₹ 36,347 Lakhs. This was primarily due to proceeds from issue of shares through QIP of ₹ 48,556 Lakhs, proceeds from Non-convertible debenture of ₹ 8,000 Lakhs which was partially offset by payment of dividend of ₹ 8,604 Lakhs, payment of lease liability amounting to ₹ 2,161 Lakhs, payment of contingent consideration of ₹ 1,659 Lakhs.

Internal Control

Happiest Minds has established a framework for internal controls, commensurate with the size and nature of its operations. Process has been set up for periodically appraising the senior management and the Audit Committee of the Board about internal audit observations of the Company with respect to internal controls and status of statutory compliances. Business heads and support function heads are responsible for establishing effective internal controls within their respective functions. Standard operating procedures and internal control manuals are defined and continuously updated. The Company has laid down internal financial controls as detailed in the Companies Act, 2013. These have been established across the levels and are designed to ensure compliance to internal control requirements, regulatory compliance, and appropriate recording of financial and operational information. The internal audit team periodically conducts audits across the Company, which include review of operating effectiveness of internal controls. The Audit Committee oversees internal audit function.

Risk and mitigation approaches

Organization level risks and mitigation approaches are covered under section "Ensuring effective risk management" Risks and Opportunities.

Corporate Governance Report

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

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

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

II. Board of Directors

The Board of Directors of Happiest Minds as on March 31, 2024, comprised of six (6) Directors with optimum combination of Executive and Non-Executive Directors i.e., three Executive Directors and three Non-Executive Independent Directors including two-woman Directors and each of them are professionals in their respective areas of specialization and have held/ holding eminent positions. The Board Members are not related to each other and the number of Directorships/Committee memberships held by Executive and Non-Executive Independent Directors are within the permissible limits under SEBI (LODR), Regulations, 2015 and Companies Act, 2013.

(a) Composition of Board of Directors

The composition and category of Directors as on March 31, 2024:

Sl. No.	Name of the Director	Category	Number of other Directorships held in other public Companies	Number of Committee membership held in other public companies (limited to only Audit and Stakeholders' Relationship Committees)		No and % of Equity Shares held in the Company
				As Chairperson	As Member	
1	Mr. Ashok Soota	Promoter & Executive Director	Nil	Nil	Nil	7,63,31,061 (50.13%)[1]
2	Mr. Joseph Anantharaju	Executive Director	Nil	Nil	Nil	425,000 (0.28%)
3	Mr. Venkatraman Narayanan	Executive Director	Nil	Nil	Nil	5,50,000 (0.37%)
4	Mrs. Anita Ramachandran	Non-Executive Independent Director	8	3	8	Nil
5	Mr. Rajendra Kumar Srivastava	Non-Executive Independent Director	1	Nil	Nil	Nil
6	Mrs. Shuba Rao Mayya	Non-Executive Independent Director	3	1	5	Nil

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

Directorship in other listed entities as on March 31, 2024:

Sl. No.	Name of the Director	Directorship in other listed entities	Category of Directorship
1	Ashok Soota	Nil	NA
2	Joseph Anantharaju	Nil	NA
3	Venkatraman Narayanan	Nil	NA
4	Anita Ramachandran	1. Grasim Industries Limited 2. Metropolis Healthcare Limited 3. FSN E-Commerce Ventures Limited 4. Ujjivan Small Finance Bank Limited 5. Blue Star Limited	Independent Director Independent Director Independent Director Independent Director Independent Director
5	Rajendra Kumar Srivastava	Solara Active Pharma Sciences Limited	Independent Director
6	Shuba Rao Mayya	Stove Kraft Limited	Independent Director

During the financial year 2023-24, seven (7) meetings of the Board were held and the gap between two meetings did not exceed one hundred and twenty days. The Board Meetings are prescheduled, and adequate notice is given to the Board members. Board Meetings are generally held at the registered office of the Company either through video conference or through physical presence.

These Board Meetings were held on May 08, 2023; August 08, 2023; September 22, 2023; September 26, 2023; October 17, 2023; January 17, 2024 and March 13, 2024. The necessary quorum was present for all the meetings.

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

The Directors of the Company bring with them a wide range of skills and experience to the Board, which enhances the quality of the Board's decision-making process. The following are the core skills, expertise and competencies identified for effective functioning of the Board and the names of Directors who have such skills/expertise/competence:

Name of the Director	Interpersonal skills and personal qualities/values	Information Technology business & industry knowledge	Legal, regulatory, and financial knowhow	Strategic and analytical mindset	Leadership, Management & Governance
Ashok Soota	✓	✓	✓	✓	✓
Joseph Anantharaju	✓	✓	✓	✓	✓
Venkatraman Narayanan	✓	✓	✓	✓	✓
Anita Ramachandran	✓	✓	✓	✓	✓
Rajendra Kumar Srivastava	✓	✓	✓	✓	✓
Shuba Rao Mayya	✓	✓	✓	✓	✓

(c) Attendance of Directors at the Board Meetings and Annual General Meeting (AGM) held during the financial year 2023-24:

Name of the Director	Board Meetings entitled to attend	Board Meetings attended	Whether present at AGM held on July 17, 2023
Ashok Soota	7	5	Yes
Joseph Anantharaju	7	7	Yes
Venkatraman Narayanan	7	7	Yes
Anita Ramachandran	7	6	Yes
Rajendra Kumar Srivastava	7	7	Yes
Shuba Rao Mayya	7	7	Yes

(d) Independent Directors

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

During the financial year 2023-24, three (3) meetings of the Independent Directors were held on May 08, 2023, September 22, 2023 and March 20, 2024, interalia to review the Audit strategies, performance of the Board, Risk and administrative matters and succession planning, and the meeting was attended by all the Independent Directors.

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

No Independent Director had resigned during the financial year 2023-24.

(e) CEO/CFO Certification

As required under Regulation 17 (8) of SEBI (LODR) Regulations, CEO/CFO have certified to the Board that the Financial Statements for the financial year ended March 31, 2024, do not contain any untrue statement and that these statements represent a true and fair view of the Company's affairs and other matters as specified thereunder. A copy of the Certificate is attached as Annexure I to this Report.

(f) Code of Conduct for Directors and Senior Management

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

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

III. Audit Committee

(a) Terms of Reference

The Audit Committee has interalia the following mandate:

1. Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors, including the internal auditor, cost auditor and statutory auditor, of the Company and the fixation of audit fee.
3. Approval of payments to Statutory Auditors for any other services rendered by the Statutory Auditors of the Company.
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
   i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act;
   ii. Changes, if any, in accounting policies and practices and reasons for the same;
   iii. Major accounting entries involving estimates based on the exercise of judgment by the management of the Company;
   iv. Significant adjustments made in the financial statements arising out of audit findings;
   v. Compliance with listing and other legal requirements relating to financial statements;
   vi. Disclosure of any related party transactions; and
   vii. Qualifications/modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
8. Formulating a policy on related party transactions, which shall include materiality of related party transactions.
9. Approval or any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed.
10. Review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.
11. Scrutiny of inter-corporate loans and investments.
12. Valuation of undertakings or assets of the company, wherever it is necessary.
13. Evaluation of internal financial controls and risk management systems.
14. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
15. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
16. Discussion with internal auditors of any significant findings and follow up there on.
17. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
18. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
19. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
20. Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services.
21. Reviewing the functioning of the whistle blower mechanism.
22. Approval of the appointment of the Chief Financial Officer of the Company ("CFO") (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate.
23. Carrying out any other functions as provided under the Companies Act, the SEBI Listing Regulations and other applicable laws.
24. To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time.
25. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances; and
26. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
27. Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower.
28. Such roles as may be prescribed under the Companies Act and SEBI Listing Regulations.

(b) Number of Meetings: During the financial year 2023-24, six (6) meetings were held i.e., on May 08, 2023; August 08, 2023; October 17, 2023; November 10, 2023; January 17, 2024 and March 13, 2024.

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

Name of the Member	Category	Position	Meetings	
			Held	Attended
Shuba Rao Mayya	Independent Director	Chairperson	6	6
Anita Ramachandran	Independent Director	Member	6	6
Venkatraman Narayanan	Executive Director	Member	6	6

IV. Nomination, Remuneration and Board Governance Committee

(a) Terms of Reference

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

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board.

3. Devising a policy on Board diversity.

4. Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report.

5. Analysing, monitoring and reviewing various human resource and compensation matters.

6. Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment and determining remuneration packages of such directors.

7. Recommending the remuneration, in whatever form, payable to the senior management personnel and other staff (as deemed necessary).

8. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws.

9. Determining whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

10. Perform such functions as are required to be performed by the compensation committee under the SEBI (Share Based Employee Benefit and Sweat Equity) Regulations, 2021.

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

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

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

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

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

(b) Number of Meetings: During the financial year 2023-24, two (2) meetings were held i.e., on October 17, 2023 and January 17, 2024.

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

Name of the Member	Category	Position	Meetings	
			Held	Attended
Rajendra Kumar Srivastava	Independent Director	Chairperson	2	2
Anita Ramachandran	Independent Director	Member	2	2
Shuba Rao Mayya	Independent Director	Member	2	2
Ashok Soota	Executive Director	Member	2	2

(d) Performance evaluation criteria for the Independent Directors

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

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

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

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

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

(v) Effective decision-making ability.

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

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

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

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

V. Administrative and Stakeholders Relationship Committee

(a) Terms of Reference

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

1. Redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non-receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc. and assisting with quarterly reporting of such complaints.

2. Reviewing of measures taken for effective exercise of voting rights by shareholders.

3. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures, or any other securities.

4. Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures, and other securities from time to time.

5. Reviewing the measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

6. Reviewing the adherence to the service standards by the Company with respect to various services rendered by the registrar and transfer agent of the Company and to recommend measures for overall improvement in the quality of investor services.

7. Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority.

(b) Number of Meetings: During the financial year 2023-2024, three (3) meetings were held i.e., on May 08, 2023; October 17, 2023 and January 17, 2024.

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

Name of the Member	Category	Position	Meetings	
			Held	Attended
Anita Ramachandran	Independent Director	Chairperson	3	3
Shuba Rao Mayya	Independent Director	Member	3	3
Venkatraman Narayanan	Executive Director	Member	3	3

(d) Name and designation of compliance officer: Mr. Praveen Kumar Darshankar, Company Secretary & Compliance Officer.

(e) Details of shareholders' complaints:

(i) Number of shareholders complaints received upto March 31, 2024: 104

(ii) Number of shareholders complaints resolved upto March 31, 2024: 104

(iii) Number of pending complaints as on March 31, 2024: Nil

VI. Corporate Social Responsibility Committee

(a) Terms of Reference

The Corporate Social Responsibility Committee has interalia the following mandate:

1. To formulate and recommend to the board, a corporate social responsibility policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act and the rules made thereunder and make any revisions therein as and when decided by the Board.
2. To Identify corporate social responsibility policy partners and corporate social responsibility policy programmes.
3. To recommend the amount of expenditure to be incurred for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company.
4. To delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities.
5. To review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes; and
6. To perform such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act.

(b) Number of Meetings: During the financial year 2023-24, one (1) meeting was held i.e., on May 08, 2023.

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

Name of the Member	Category	Position	Meetings	
			Held	Attended
Shuba Rao Mayya	Independent Director	Chairperson	1	1
Ashok Soota	Executive Director	Member	1	1
Joseph Anantharaju	Executive Director	Member	1	1

VII. Risk Management Committee

(a) Terms of Reference

The Risk Management Committee has interalia the following mandate:

1. To assist the Board in fulfilling its responsibilities with regard to the identification, evaluation and mitigation of strategic, operational and external environment risks.
2. Formulating, monitoring and overseeing the risk management plan and policy of the Company.
3. Review the Cyber Security Functions of the Company on regular intervals.
4. Approve/recommend to the Board for its approval/review the policies, risk assessment models, strategies, and associated frameworks for the management of risk.
5. To perform such other duties and functions as the Board may require or as may be prescribed by applicable law, from time to time.

(b) Number of Meetings: During the financial year 2023-24, three (3) meetings were held on May 08, 2023; September 22, 2023 and January 17, 2024.

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

Name of the Member	Category	Position	Meetings	
			Held	Attended
Joseph Anantharaju	Executive Director	Chairperson	3	3
Anita Ramachandran	Independent Director	Member	3	3
Shuba Rao Mayya	Independent Director	Member	3	3
Venkatraman Narayanan	Executive Director	Member	3	3

VIII. Strategic Initiatives Committee

(a) Terms of Reference

The Strategic Initiatives Committee has interalia the following mandate:

1. Strategic planning;
2. New strategic projects and initiatives;
3. Mergers, acquisitions and joint ventures;
4. Asset management (including physical infrastructure and information technology);
5. Strategic human resources and other matters;
6. To perform such other duties and functions as the Board may require from time to time.

(b) Number of Meetings: During the financial year 2023-24, two (2) meetings were held i.e., on September 22, 2023 and January 17, 2024.

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

Name of the Member	Category	Position	Meetings	
			Held	Attended
Rajendra Kumar Srivastava	Independent Director	Chairperson	2	2
Anita Ramachandran	Independent Director	Member	2	2
Ashok Soota	Executive Director	Member	2	2
Venkatraman Narayanan	Executive Director	Member	2	2
Joseph Anantharaju	Executive Director	Member	2	2

IX. Senior Management

The Board of Directors of the Company has classified the Business Units Heads, Chief Technology Officer, Chief Information Security Officer, Chief Information Officer, Chief People Officer, Chief Financial Officer and Company Secretary of the Company as the Senior Management Personnel (SMP) for the purpose of disclosure under Regulation 30 of SEBI (LODR) Regulation, 2015.

Particulars of the SMP of the Company during the year are mentioned below. There were no changes to the SMP since the close of the previous financial year.

Sl. No.	Name of the SMP	Category
1	Joseph Anantharaju	Head of PDES Business Unit
2	Rajiv Shah	Head of GBS Business Unit
3	Ram Mohan C	Head of IMSS Business Unit
4	Sridhar Mantha	Chief Technology Officer
5	Vijay Bharti	Chief Information Security Officer
6	Sajith S Kumar	Chief Information Officer
7	Sachin Khurana	Chief People Officer
8	Venkatraman Narayanan	Chief Financial Officer
9	Praveen Kumar Darshankar	Company Secretary

X. Remuneration to Directors:

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

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

(b) Criteria of making payments to Executive Directors

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

(c) Details of Remuneration paid to Directors for the financial year 2023-24

Name of the Director	Salary (In ₹ Lakhs)		Perquisites (In Lakhs)	Sitting Fees & Commission (In Lakhs)	Shares Issued under ESOPs	Total Remuneration paid (In Lakhs)	Details of Service Contracts, Notice Period & Severance fees
	Fixed	Variable					
Ashok Soota	118	32	5	NIL	NIL	155	Appointed as Executive Chairman and Director for a period of 5 years from April 01, 2019, till March 31, 2024. Re-appointed for further period of 5 years subject to members approval at the ensuing AGM. All other terms as per employment agreement. Three months' notice period and no severance fees.
Joseph Anantharaju	308	89	20	NIL	NIL	417	Appointed as a Whole-time Director of the Company designated as Executive Vice Chairman, for a period of five years from November 4, 2020, to November 3, 2025. All other terms as per employment agreement. Three months' notice period and no severance fees.
Venkatraman Narayanan	100	32	21	NIL	NIL	154	Appointed as the Managing Director and Chief Financial Officer of the Company, for a period of five years from November 4, 2020, to November 3, 2025. All other terms as per employment agreement. Three months' notice period and no severance fees.
Anita Ramachandran	Nil	Nil	Nil	25	Nil	25	NA
Rajendra Kumar Srivastava	Nil	Nil	Nil	30	Nil	30	NA
Shuba Rao Mayya	Nil	Nil	Nil	25	Nil	25	NA

XI. General Body Meetings

Annual General Meetings (AGM)

The Annual General Meetings of the Company were held at the Registered Office of the Company through video conference mode. Details of last three AGMs held are as below:

Financial Year	Date	Time (IST)	Mode of Meeting
2020-2021	July 7, 2021	4:00 p.m.	Video Conference
2021-2022	June 30, 2022	4:00 p.m.	Video Conference
2022-2023	July 17, 2023	4.00 p.m.	Video Conference

All resolutions moved at the Annual General Meetings were passed through remote e-voting by the requisite majority of members. The following are the special resolutions passed at the previous three AGMs:

AGM held on	Summary of Special Resolutions
July 7, 2021	1. Appointment of Mr. Joseph Vinod Anantharaju as Whole-time Director of the Company designated as Executive Vice Chairman, for a period of five years from November 4, 2020, to November 3, 2025 2. Appointment of Mr. Venkatraman Narayanan as Managing Director and Chief Financial Officer of the Company, for a period of five years from November 4, 2020, to November 3, 2025. 3. Ratification and approval of the 'Happiest Minds Employee Stock Option Scheme 2020', formulated and approved prior to the Initial Public Offering of the Company.
June 30, 2022	There were no special resolutions proposed/passed in this meeting.
July 17, 2023	There were no special resolutions proposed/passed in this meeting.

Extra-Ordinary General Meetings (EGM)

During the year under review there were no Extra-Ordinary General Meeting held.

Postal Ballot

No special resolution was passed through postal ballot during the last year under review.

XII. Means of Communication

(a) Financial Results and Newspaper Publication

Quarterly and annual financial results are filed with stock exchanges and displayed on stock exchanges' websites and are also made available on the Company's website. The results are also normally published in The Financial Express (English newspaper – all India edition) and Vishwavani (Regional Newspaper – Karnataka edition).

(b) Website

The Company maintains an active website at https://www.happiestminds.com/investors/ wherein all the information relevant for the Shareholders are displayed.

(c) Press Releases and Analysts/Investors Presentations

The official news releases, meetings scheduled with analysts and detailed presentations made to analysts are disseminated to stock exchanges and as well displayed on the Company's website at https://www.happiestminds.com/investors/. The management participates in the analyst/earnings call every quarter, after the announcement of results. The audio recording of analyst calls and transcripts are posted on the Company's website.

(d) Annual Report

Annual Report containing audited standalone and consolidated financial statements together with Board's Report, Auditors' Report and other reports/information forming part of it are circulated to members entitled thereto and is also made available on the Company Website at https://www.happiestminds.com/investors/ .

XIII. General Shareholders Information

General shareholder information is provided under "Shareholders Information" section attached as Annexure II to this Report.

XIV. Other Disclosures

(a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large.

During the financial year ended March 31, 2024, there were no materially significant related party transactions that had potential conflict with the interest of the Company at large.

(b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to capital markets, during the last three years

The Company became a listed company from September 17, 2020. No penalty or stricture has been imposed by the Stock Exchanges or SEBI or any other authority since the date of listing, except for a penalty of ₹ 10,000/- levied by BSE Limited for delayed compliance of Regulation 60(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended June, 2023.

(c) Vigil Mechanism/Whistle-Blower Policy

The Company has adopted a Whistle Blower Policy and has established the necessary Vigil Mechanism as required under Regulation 22 of the SEBI (LODR) Regulations, the details of which have been provided in the Board's Report. The Company affirms that no personnel have been denied access to the Audit Committee.

(d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all the applicable mandatory requirements of SEBI (LODR) Regulations. Details of adoption of non-mandatory requirements are provided in Clause XVI below.

(e) Weblink for Policy on determination of Material Subsidiary and Policy on Related Party Transactions

Both the policies can be accessed at https://www.happiestminds.com/investors/policy-documents/

(f) Disclosure of Commodity price risks and commodity hedging activities

The Company does not deal in commodities and hence the disclosure pursuant to SEBI (LODR) Regulations is not applicable.

(g) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

During the year 2023-24, the Company had raised funds through issue of equity shares via Qualified Institutional Placement (QIP) to Qualified Institutional Buyers for an aggregate amount of ₹ 500 crores. The use/ application of proceeds/funds raised from the QIP are reviewed by Audit Committee as part of quarterly review of financial results and the details are also filed with the Stock Exchanges on a quarterly basis, pursuant to Regulation 32 of the SEBI Listing Regulations. During the year under review, the Company has utilized ₹318.97 Crs (including ₹14 Crs towards issue expenses) and balance amount has been kept in fixed deposits. With regard to funds of ₹ 125 crores that was raised pursuant to the issue of Non-Convertible Debentures on a private placement basis, the Company has utilized the entire amount during the year under review.

(h) Certificate from Practicing Company Secretary on Non-Disqualification of Directors

The Company has obtained a certificate from a Practicing Company Secretary that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority in accordance with SEBI (LODR) Regulations. Copy of the Certificate is attached as Annexure III.

(i) Recommendation of Committees

During the financial year ended March 31, 2024, the Board of Directors of the Company had accepted recommendation of all the committees of the Board, which were mandatorily required.

(j) Auditors' Remuneration

The details of total fees for all services paid by the Company during FY 2023-24, to the Statutory Auditors are as follows:

Particulars	Amount (In ₹ Lakhs)
Payment to Statutory Audit fees (including out of pocket expenses)	98

(k) Disclosures as required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a gender neutral Anti-Sexual Harassment Policy at workplace which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the applicable rules, the details of which have been provided in the Boards' Report.

Details of sexual harassment complaints received:

(i) No. of complaints received during financial year 2023-24: Nil

(ii) No. of complaints disposed of during financial year 2023-24: NA

(iii) No. of complaints pending as on end of the financial year 2023-24: NA

(l) Disclosure of Loans and advances in the nature of loans to firms/companies in which Directors are interested:

During the Financial Year ended March 31, 2024, there were no loans or advances provided by the Company and its subsidiaries to firms/companies in which Directors are interested.

(m) Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries

The Company does not have any material subsidiary during the period under review and hence the disclosures required are not applicable.

XV. Non-compliance of Regulations relating to Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, if any

The Company is fully compliant with SEBI (LODR) Regulations and there are no such non-compliances to report.

XVI. Discretionary Requirements

The Company has adopted the following discretionary requirements as provided in the SEBI (LODR) Regulations:

(a) Modified opinion(s) in Audit Report

The Company is in the regime of unmodified opinions on financial statements and that the Auditors of the Company have issued Audit Reports with unmodified opinion on the standalone and consolidated financial statements for the financial year ended March 31, 2024.

(b) Reporting of Internal Auditor

The Internal Auditors of the Company report directly to the Audit Committee and are invited to be present as invitees at the Audit Committee meetings held every quarter.

XVII. Disclosures with respect to Demat Suspense Account/Unclaimed Suspense Account

The Company does not have any unclaimed shares and hence the disclosure pursuant to SEBI (LODR) Regulations is not applicable.

XVIII. Disclosure of certain types of agreements binding listed entities

There are no agreements impacting management or control of the Company or imposing any restriction or create any liability upon the Company which require disclosure under Clause 5A of Para A of Part A of Schedule III of the Listing Regulations.

XIX. Compliance

The Company is in compliance with all the mandatory requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR), Regulations, 2015 as applicable with regards to Corporate Governance.

The Company has obtained a certificate from a Practicing Company Secretary in compliance with the conditions of Corporate Governance as stipulated in SEBI (LODR) Regulations. A copy of the Certificate is attached to the Boards' Report.

ANNEXURE I TO CG REPORT

CEO / CFO CERTIFICATION

May 06, 2024
The Board of Directors
Happiest Minds Technologies Limited
Bengaluru

We, Joseph Anantharaju, Executive Vice Chairman & CEO-PDES, Rajiv Shah, Executive Board Member & CEO-GBS, Ram Mohan C, Executive Board Member & CEO-IMSS and Venkatraman Narayanan, Managing Director & CFO of Happiest Minds Technologies Limited to the best of our knowledge and belief, certify that:

(a) We have reviewed the financial statements and the cash flow statement for the quarter and financial year ended March 31, 2024 and confirm that:

(i) these financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these financial statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations;

(b) There is, to the best of our knowledge and belief, no transaction entered into by the Company during the quarter and financial year ended March 31, 2024, which is fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining Internal Controls for financial reporting and that we have evaluated the effectiveness of Internal Control Systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such Internal Controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the Auditors and the Audit committee that for the quarter and financial year ended March 31, 2024, that there were:

(i) no significant changes in Internal Control over financial reporting;

(ii) no significant changes in accounting policies and that the same have been disclosed in the notes to the financial statement; and

(iii) no instances of significant fraud of which we have become aware and there has been no involvement therein of the management or an employee having a significant role in the Company's Internal Control System over financial reporting.

We further declare that all the Board Members and Senior Management Personnel have affirmed compliance with Code of Conduct in respect of the financial year ended March 31, 2024.

Executive Vice Chairman President & CEO-PDES	**Executive Board Member & CEO-GBS**	**Executive Board Member & CEO-IMSS**	**MD & CFO**
Seattle, USA	Boston, USA	Seattle, USA	Bengaluru, India

ANNEXURE II TO CG REPORT

SHAREHOLDERS INFORMATION

1. Annual General Meeting (AGM) of the Company

Date: Friday, the June 28, 2024

Time: 4.00 pm (IST)

Venue: Through Video Conference. For details, please refer to Notice of this AGM.

2. Financial Year

The financial year of the Company was from April 1, 2023 to March 31, 2024. The quarterly results for the financial year were announced as follows:

For the quarter ended June 30, 2023	August 08, 2023
For the quarter ended September 30, 2023	October 17, 2023
For the quarter ended December 31, 2023	January 17, 2024
For the quarter and Financial Year ended March 31, 2024	May 06, 2024

Company's tentative calendar (subject to change) for the announcement of quarterly results & AGM during the financial year 2024-25 would be as below:

For the quarter ended June 30, 2024	July, 2024
For the quarter ended September 30, 2024	October, 2024
For the quarter ended December 31, 2024	January, 2025
For the quarter and financial year ended March 31, 2025	April, 2025
For Annual General Meeting of the Company	June, 2025

3. Dividend Payment

The Board of Directors of the Company has recommended a final dividend of ₹ 3.25/- per equity share of face value of ₹ 2/- each, for the financial year ended March 31, 2024, subject to the approval of the shareholders at the ensuing AGM.

The Register of Members of the Company will be closed from Saturday, June 15, 2024 to Friday, June 28, 2024, (both days inclusive) for the purpose of the AGM, annual closing and for determining entitlement of members for the final dividend for FY'24. The record date for payment of the final dividend would be Friday, June 14, 2024.

The final dividend, if approved, will be paid on or after July 05, 2024.

4. Stock Exchanges

The Company's equity shares are listed on following Stock Exchanges as on March 31, 2024:

Name of the Exchange and Stock Code	Address & Contact details
BSE Limited ("BSE") Stock Code: 543227	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001, Maharashtra, India Tel: +91 22 22721233/34; Fax: +91 22 22721919
National Stock Exchange of India Limited ("NSE") Symbol: HAPPSTMNDS	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051, Maharashtra, India Tel: +91 22 26598100-14; Fax: +91 22 26598120

The Company hereby confirms that it has duly paid the listing fees for the financial year 2024-25 to both BSE and NSE. It further confirms that the equity shares of the Company have never been suspended from trading either by the BSE or NSE from the time it has been listed.

5. Stock Market Price Data

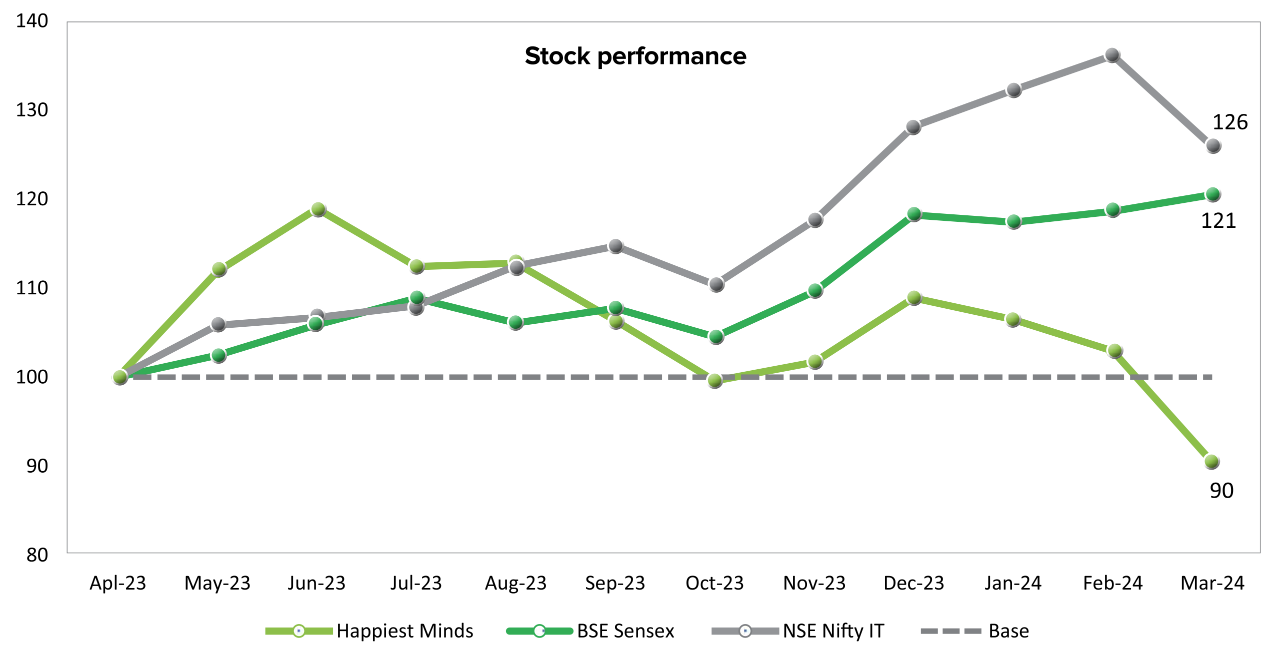
High and Low (based on daily closing prices) and volume (total number of equity shares traded) during each month in the last financial year ended March 31, 2024, is as follows:

Month	BSE			NSE		
	High (Amt in ₹)	Low (Amt in ₹)	Total Volume (in Lakhs)	High (Amt in ₹)	Low (Amt in ₹)	Total Volume (in Lakhs)
April, 2023	823.85	773.25	3.1	824.00	771.10	25.95
May, 2023	930.00	820.45	7.16	933.55	821.20	76
June, 2023	1022.30	900.65	10.92	1,023.00	902.10	89.91
July, 2023	1019.40	911.00	8.7	1,020.00	916.05	120
August, 2023	943.75	887.25	6.82	944.20	888.00	64.98
September, 2023	969.95	866.20	17.30	970.00	862.00	147.42
October, 2023	882.35	798.05	7.73	879.40	798.20	56.75
November, 2023	876.50	806.00	4.94	875.75	806.00	55.47
December, 2023	954.75	835.55	10.24	954.85	835.60	165.34
January, 2024	959.95	850.55	12.22	961.00	851.50	118.79
February, 2024	895.90	815.00	8.15	895.50	814.40	96.19
March, 2024	864.55	738.05	7.61	863.60	741.00	66.02

6. Stock Performance

Performance of the Company's equity shares (closing share price on last trading day of each month) on NSE in comparison to BSE Sensex and NSE Nifty IT during the financial year ended March 31, 2024, is as follows:

Month	Happiest Minds	BSE Sensex	NSE Nifty IT
April, 2023	822.75	61112.44	27708.2
May, 2023	920.5	62622.24	29319.75
June, 2023	978.5	64718.56	29563
July, 2023	924.85	66527.67	29928.45
August, 2023	928.25	64831.41	31164.9
September, 2023	874.8	65828.41	31784.4
October, 2023	819.3	63874.93	30582.25
November, 2023	836.65	66988.44	32582.2
December, 2023	896.05	72240.26	35515
January, 2024	876.05	71752.11	36638.4
February, 2024	846.95	72500.3	37720.4
March, 2024	744.4	73651.35	34898.15



7. Registrars and Transfer Agents (RTA)

All work related to Share Registry, both in physical and electronic form, are handled by the Company's Registrar and Share Transfer Agent, whose name and contact details are as given below:

M/s. KFin Technologies Limited
Unit: Happiest Minds Technologies Limited
"Selenium" Tower B, Plot No. 31 & 32, Financial District, Nanakramguda,
Serilingampally Mandal, Hyderabad - 500 032, Telangana, India
Tel. No. + 91 - 1- 800-309-4001; E-mail: einward.ris@kfintech.com
Website: https://www.kfintech.com/

8. Share Transfer System

Pursuant to Regulation 40 (1) of SEBI (LODR) Regulations, effective from April 1, 2019, transfer of shares in physical mode has been discontinued and accordingly the Company has not processed transfer of shares in physical mode (except in case of request received for transmission or transposition of shares) from the time the said Regulation was applicable and all the transfer of shares would be carried out only in dematerialized form by the respective Depository Participants of the shareholders.

Accordingly, shareholders holding shares in physical form are urged to have their shares dematerialized at the earliest so that they can transfer them in dematerialized form and participate in various corporate actions.

9. Distribution of Shareholding

(a) Distribution of equity shareholding as on March 31, 2024:

Category (No. of Shares)	No. of Shareholders	% of Total Shareholders	No. of Shares	% of Total Shares
1 – 5,000	7,50,036	99.80	3,85,29,173	25.30
5,001 – 10,000	703	0.09	24,99,155	1.64
10,001 – 20,000	360	0.05	26,24,060	1.72
20,001 – 30,000	124	0.02	15,24,266	1.00
30,001 – 40,000	57	0.01	10,08,486	0.67
40,001 – 50,000	32	0.01	7,43,559	0.49
50,001 – 100,000	65	0.01	23,92,643	1.57
100,001 & above	95	0.01	10,29,53,469	67.61
Total	**7,51,472**	**100**	**15,22,74,811**	**100**

(b) **Shareholding pattern:**

Category of Shareholders	As on March 31,2024*				As on March 31, 2023*			
	No of Shareh-olders	% of Total Share holders	Total Shares	% of Total Shares	No of Shareh-olders	% of Total Share holders	Total Shares	% of Total Shares
Promoters and Promoter group	6	0.00	76,500,511	50.24	6	0.00	78,193,080	53.24
Body corporates	842	0.11	6,205,378	4.08	808	0.11	5,696,614	3.88
FIIs/NRIs/FPI's	8,311	1.14	10,686,888	7.02	7,759	1.09	9,783,028	6.66
Mutual funds/ Banks/ FI's/ QIB	24	0.00	3,929,618	2.58	15	0.00	1,147,570	0.78
Clearing Members	3	0.00	329	0.00	69	0.01	28,309	0.02
Trust	5	0.00	1,649	0	4	0.00	865	0.00
Public	723,061	98.75	5,20,30,053	34.16	702,906	98.79	4,83,39,089	32.92
ESOP Trust	1	0.00	29,20,385	1.92	1	0.00	36,75,001	2.50
Total	**732,253**	**100.00**	**152,274,811**	**100.00**	**711,568**	**100.00**	**146,863,556**	**100.00**

*Post consolidation of multiple folios/client IDs

10. Dematerialization of shares and liquidity

99.86% of the Company's shares are in dematerialized form as on March 31, 2024, held with both the Depositories viz., the National Securities Depository Limited ('NSDL') and the Central Depository Services (India) Limited ('CDSL') and the break-up is as follows:

Description	March 31, 2024			March 31, 2023		
	No of Holders	No. of Shares	% to Total Shares	No of Holders	No. of Shares	% to Total Shares
NSDL	171,068	120,134,978	78.89	171,585	119,045,277	81.06
CDSL	580,373	31,923,584	20.96	558,754	26,316,877	17.92
Physical	31	216,249	0.14	147	1,501,402	1.02
Total	**751,472**	**152,274,811**	**100.00**	**730,486**	**146,863,556**	**100.00**

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's equity shares is INE419U01012.

11. Outstanding Global Depository Receipts (GDR) or American Depository Receipts (ADR) or warrants or any convertible instruments, conversion date and likely impact on equity

The Company has no outstanding GDR / ADR / warrants or any convertible Instruments as of March 31, 2024.

12. Commodity price risk or foreign exchange risk and hedging activities

The Company does not deal in commodities and hence the disclosure pursuant to SEBI (LODR) Regulations is not applicable. For a detailed discussion on foreign exchange risk and hedging activities with regard to the Company's revenue in foreign currency, please refer to the Management Discussion and Analysis Report forming part of the Annual Report.

13. Locations

The registered office address and the branch locations along with the contact details have been provided separately in the Annual Report and the details are also available at https://www.happiestminds.com/location/.

14. Address for Correspondence

Shareholders can send their correspondence with respect to their shares, dividend, request for annual reports and grievances, if any to the Company's RTA as per contact details provided in Sl.No.7 above. They can also correspond with the Company as per below contact details:

Mr. Praveen Kumar Darshankar
Company Secretary & Compliance Officer
Happiest Minds Technologies Limited
#53/1-4, Hosur Main Road, Madivala, Bengaluru-560068,
Karnataka, India; Tel No.: +91 80 61960300
Email: investors@happiestminds.com

The Company has also designated a person for addressing queries relating to results/analyst calls viz., Mr. Sunil Gujjar, Head of Investor Relations and he can be contacted at the above address and through email at IR@happiestminds.com.

15. Credit Ratings

The following are the credit ratings of the Company issued by India Ratings and Research (Ind-Ra) and Care Ratings Limited for the loans and debt instruments issued by the Company. The instrument-wise ratings outlook and action are as follows:

India Ratings and Research (Ind-Ra):

Instruments	Size of Issue (₹ Crore)	Rating assigned along with Outlook	Rating	Rating action
Term loan	34.84	WD	'IND AA-'/Stable	Upgraded and withdrawn
Fund-based working capital limits:	230			
a. Long-term rating		WD	'IND AA-'/Stable	Upgraded and withdrawn
b. Short term rating		WD	'IND A1+'	Affirmed and withdrawn

Care Ratings Limited:

Instrument type	Size of Issue (₹ Crore)	Rating Outlook	Rating action
Long-term/Short-term Bank Facilities	315	CARE AA-; Stable / CARE A1+ (Double A Minus; Outlook: Stable / A One Plus)	Assigned
Non-convertible debenture	125	CARE AA-; Stable (Double A Minus; Outlook: Stable)	Reaffirmed
Long term bank facilities	125	CARE AA-; Stable (Double A Minus; Outlook: Stable)	Reaffirmed

Annexure III to CG Report

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
HAPPIEST MINDS TECHNOLOGIES LIMITED
53/1-4, Hosur Main Road, Madivala
(Next to Madivala Police Station)
Bengaluru - 560068

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **HAPPIEST MINDS TECHNOLOGIES LIMITED**, having CIN - L72900KA2011PLC057931 and having registered office at # 53/1-4, Hosur Main Road, Madivala (Next to Madivala Police Station), Bengaluru - 560068 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India (SEBI) and Ministry of Corporate Affairs (MCA).

Details of Directors:

Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	Mrs. Anita Ramachandran	00118188	04/06/2020
2.	Mr. Ashok Soota	00145962	01/04/2011
3.	Mr. Venkatraman Narayanan	01856347	16/01/2018
4.	Mr. Rajendra Kumar Srivastava	07500741	04/06/2020
5.	Mrs. Shuba Rao Mayya	08193276	04/06/2020
6.	Mr. Joseph Vinod Anantharaju	08859640	04/11/2020

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V SREEDHARAN & ASSOCIATES
Company Secretaries

Devika Sathyanarayana
Partner
FCS: 11323; CP No. 17024

Place: Bengaluru
Date: April 22, 2024

UDIN: F011323F000204175

Business Responsibility & Sustainability Reporting

Section A: GENERAL DISCLOSURES

I. Details of the listed entity

1. **Corporate Identity Number (CIN) of the Listed Entity:** L72900KA2011PLC057931
2. **Name of the Listed Entity:** Happiest Minds Technologies Limited
3. **Year of incorporation:** March 30, 2011
4. **Registered office address:** 53/1-4, Hosur, Main Road, Madivala, Bengaluru-560068, Karnataka
5. **Corporate address:** 53/1-4, Hosur, Main Road, Madivala, Bengaluru-560068, Karnataka
6. **E-mail:** legal@happiestminds.com
7. **Telephone:** 08061960300
8. **Website:** www.happiestminds.com
9. **Financial year for which reporting is being done:** FY 2023-24
10. **Name of the Stock Exchange(s) where shares are listed:** National Stock Exchange of India/Bombay Stock Exchange
11. **Paid-up Capital:** ₹ 30,45,49,622
12. **Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:** Aurobinda Nanda, President - Operations (Legal@happiestminds.com), Telephone - 08061960300
13. **Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together):** Disclosures made in this report are on a standalone basis and pertain only to Happiest Minds Technologies Ltd.
14. **Name of assurance provider:** Not Applicable as the Company does not fall under the purview of External Assurance as per SEBI Requirements
15. **Type of assurance obtained: -**

II. Product/Services

16. **Details of business activities (accounting for 90% of the turnover):**

Sr. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Information and communication	Computer programming, consultancy and related activities	100%

17. **Products/Services sold by the entity (accounting for 90% of the entity's Turnover):**

Sr. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Computer programming and related activities	6201	100%

III. Operations

18. **Number of locations where plants and/or operations/offices of the entity are situated:**

Location	Number of Plants	Number of Offices	Total
National	Not Applicable	7	7
International	Not Applicable	14	14

19. Markets served by the entity

a. Number of locations

Location	Number
National (No. of States)	5
International (No. of Countries)	7

b. What is the contribution of exports as a percentage of the total turnover of the entity?

83.59%

c. A brief on types of customers

Happiest Minds Technologies specializes in harnessing emerging technologies such as artificial intelligence, automation, and cloud computing to digitally transform organizations across various industries. The company's objective is to establish itself as a reliable digital advisor. They take the time to comprehend each client's unique needs and priorities before proposing tailored solutions that utilize AI, automation, cloud, and other advanced technologies. The aim is to cultivate enduring partnerships, not just achieve immediate successes, moreover by taking into account factors like client loyalty and IT spending, Happiest Minds strives to deliver high-impact transformation that provides lasting value across industries ranging from automotive and banking to consumer goods and travel.

IV. Employees

20. Details as of the end of financial year:

a. Employees and workers (including differently abled):

Sr. No.	Particulars	Total (A)	Male		Female	
			No.(B)	%(B/A)	No.(C)	%(C/A)
EMPLOYEES						
1.	Permanent(D)	4884	3540	72%	1344	28%
2.	Other than Permanent (E)	284	197	69%	87	31%
3.	Total employees (D+E)	5168	3737	72%	1431	28%
WORKERS						
4.	Permanent(F)	NA	NA	NA	NA	NA
5.	Other than Permanent (G)	110	99	90%	11	10%
6.	Total workers (F+G)	110	99	90%	11	10%

b. Differently abled Employees and workers:

Sr. No.	Particulars	Total (A)	Male		Female	
			No.(B)	%(B/A)	No.(C)	%(C/A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent(D)	6	3	50%	3	50%
2.	Other than Permanent (E)	2	1	50%	1	50%
3.	Total employees (D+E)	8	4	50%	4	50%
DIFFERENTLY ABLED WORKERS						
4.	Permanent(F)	0	0	0	0	0
5.	Other than Permanent (G)	0	0	0	0	0
6.	Total workers (F+G)	0	0	0	0	0

21. Participation/Inclusion/Representation of women:

	Total (A)	Number and percentage of Females	
		No.(B)	%(B/A)
Board of Directors	6	2	33%
Key Management Personnel	1	0	0%

22. Turnover rate for permanent employees and workers:

(Disclose trends for the past 3 years)

	FY 2024			FY 2023			FY 2022		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	13.38%	12.03%	13.01	20.33%	18.33%	19.79%	23.42%	20.60%	22.71%
Permanent Workers	Not Applicable								

V. Holding, Subsidiary and Associate companies (including joint ventures)

23. a. Names of holding/ subsidiary/ associate companies/ joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Happiest Mind Inc	Wholly Owned Subsidiary	100%	Yes
2.	Sri Mookambika Infosolutions Private Limited (SMI)	Wholly Owned Subsidiary	100%	Yes

VI. CSR Details

24.

(i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in ₹):1,47,288 Lakhs

(iii) Net worth (in ₹): 1,47,370 Lakhs

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2023-24			FY 2022-23		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	NA	0	0	NA	NIL	NA	-
Investors (other than shareholders)	NA	0	0	NA	NIL	NA	-
Shareholders	YES	104	0	NA	191	NIL	-
Employees and workers	YES	0	0	NA	NIL	NA	-
Customers	YES	19	1	NA	14	NIL	-
Value Chain Partners	NA	0	0	NA	NIL	NA	-
Other (please specify)	NA	0	0	NA	NIL	NA	-

26. Overview of the entity's material responsible business conduct issues. Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Climate Change, emissions & energy	R, O	**Risk:** Physical risk from extreme weather events, climate-related policy and regulatory risks. Reputational risk from perceived inaction to climate change **Opportunity:** Differentiated product offering, improved brand image, opportunities for collaboration & partnership, reduced carbon footprint	The Company is dedicated to minimizing its environmental footprint and contributing towards positive climate change. It has set a target to achieve 100% reduction in Scope 1 and 2. The Company also promotes sustainable supply chain by adapting to green sourcing	Yes
2	Resource management	R,O	**Risk:** Can lead to resource scarcity, disruption in supply chain, fluctuation in pricing and reputational loss. **Opportunity:** Proper resource management can lead to cost savings, efficiency gains, proactiveness in managing resources and long-term sustainability.	The Company aims to optimize resource usage across its operations to minimize waste generation and promote circular economy principles. Happiest Minds targets to reduce water consumption and waste generation to a significant value by 2030.	Yes
3	Biodiversity	R,O	**Risk:** Can lead to habitat loss and fragmentation, pollution, impact on ecosystem **Opportunity:** Investing in bio-diversity conservation, reduce business vulnerability, Implementing sustainable practices.	The Company promotes conservation of biodiversity across operations through responsible land management and habitat preservation and promoting bio-diversity-friendly practices.	No
4	Innovation	O	**Opportunities:** Innovation can create new market opportunities, it can lead to cost optimization and efficiency, supports new market penetration, sustainable innovation can help address environmental challenges.	We are Born Digital . Born Agile We are exploring business opportunities in sustainable technologies.	Yes
5	Cyber security and data privacy	R,O	**Risk:** Ransomware/Malware threat **Opportunity:** To address the Data subject rights of the employees	The Company has implemented stringent controls to prevent and restrict spreading of any malware across the environment / critical application. Employee notification process is defined to ensure Happiest Minds' employees data subject rights are identified and required actions are taken to enable these rights.	Yes
6	Systemic risk management	O	**Opportunity:** To enhance the risk assessment process for critical business functions.	The Risk assessment process has been revised to include the impact on confidentiality, integrity, availability, and privacy aspects of the information security. This helps to design and implement effective controls focusing on the area of impact	Yes
7	Business capability & resilience	R	**Risk:** Loss of data / Impact to business & functions	While the Company practices a matured Business resilience model, its critical to test the approach periodically to ensure that it meets the business and security expectations, and hence the Company performs security incident tests and tabletop exercises regularly. These tests help to identify the practical challenges which may be faced during real time situations and hence helps to improve the current resilience capability of Business and IT processes.	Yes
8	Social Responsibility	O	**Opportunity:** Being socially responsible boosts employee morale and improves brand reputation and creates brand value within communities	Our CSR initiatives primarily concentrates on environment related projects (Vasundhara) like rural electrification through solar, building percolation wells to improve ground water, social forestry and habitat restoration. More than 6.9 million meals have been distributed through our 'Annapurna' initiative. We also encourage employees to participate in our volunteering programs.	No
9	Responsible supply chain	R, O	**Risk:** Supply chain disruption due to natural disasters, compliance issues with sustainability standards, increased complexity. **Opportunity:** Enhanced supply chain resilience, access to new markets, diverse suppliers, differentiated products.	Happiest Minds strives to promote sustainability throughout the supply chain by working with suppliers who share the same commitment to environmental responsibility. The Company has taken certain key initiatives to ensure at least 50% of its top vendors adhere to sustainability standards by 2028.	Yes

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
10	Customer engagement and satisfaction	O	**Opportunity:** Customer Engagement and Satisfaction, along with the CHS survey, offer vital opportunities for clients at Happiest Minds to provide feedback. These tools serve as direct channels for clients to communicate their experiences, expectations, and areas of improvement. This feedback is crucial as it enables Happiest Minds to gauge the effectiveness of their service delivery, identify areas needing enhancement, and recognize opportunities to innovate and improve.	Every year Happiest Minds conducts the CHS survey where all our existing clients are asked to give a feedback. The testament to our robust customer engagement is prevalent from the NPS score of 65. Any feedback that we receive from the survey is actioned by having a conversation between delivery team and the client and is closed within the prescribed TAT.	Yes
11	Human Rights	Opportunity	**Opportunity:** Providing employees with a direct line to senior management where they can submit inquiries, seek clarifications, and express concerns creates a unique opportunity for open and responsive communication. This facilitates a dialogue where employees feel valued and heard, enhancing engagement and trust within the organization. Moreover, having a specific channel to address and resolve issues related to discrimination or workplace violations emphasizes the organization's commitment to fairness and equal treatment. This availability encourages employees to voice their concerns without fear, knowing they will be taken seriously and addressed promptly. These opportunities are pivotal in cultivating a transparent, inclusive, and accountable workplace culture.	'Ask EB - Just Ask' is your direct line to our Executive Board and Functional Heads, providing a platform where members can pose questions, seek insights, and raise concerns, assured of a response within 24 hours. Any instances of discrimination or violations of equal opportunity can be reported via the WE HEAR portal or directly to the D&I Council. The council, led by the Chief People Officer and guided by the Whistle-blower Policy, ensures a transparent and prompt resolution.	No

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
12	Employee health, safety & well-being	O	**Opportunity:** Implementing robust practices in employee health, safety, and well-being offers a prime opportunity to foster a supportive and productive work environment. By prioritizing comprehensive wellness programs, proactive safety protocols, and mental health resources, Happiest Minds plans to enhance employee satisfaction, and boost overall performance. This strategic focus not only protects members but also promotes a culture of health awareness and personal well-being that attracts and retains top talent, ultimately driving organizational success.	At Happiest Minds, our wellness program is aptly named 'HappiZest', encapsulating the motto, "Experience the joy of living." The name was selected through an internal naming contest involving all our members. Within Happiest Minds, the HappiZest Council plays a pivotal role in conceptualizing and driving key wellness initiatives. This council is a diverse assembly, representing various levels, locations, age groups, and business units within our organization.	Yes
13	Diversity, Equity & Inclusion	O	**Opportunity:** Advancing practices in Diversity, Equity, and Inclusion (DEI) presents a significant opportunity to cultivate a richer, more dynamic organizational culture. By embedding DEI principles into every facet of the organization, from hiring and training to leadership development and decision-making, businesses can harness a diverse range of perspectives and experiences. This approach not only enriches problem-solving and innovation but also enhances employee engagement and loyalty. Embracing DEI as a core operational strategy is pivotal in building a resilient and adaptable workforce, ready to meet the challenges of a global marketplace.	Our organization maintains a gender diversity ratio of 28.1% and supports diversity and inclusion through initiatives like the Women Mentoring Program, PWD hiring, Women in Break Hiring , D&I Summit, Train & Hire Model (Oorja). To foster equity and inclusion, we encourage everyone to be champions of diversity, resulting in inclusive leaders, stronger businesses, and more fulfilling lives. The Diversity and Inclusion Council (DEIB), composed of individuals from diverse backgrounds and various organizational levels, leads these efforts. A core team of business leaders provide guidance and sets targets across the Executive Board, Business Unit CEOs, and COOs. The Council spearheads initiatives like Women Care, Women Development, and Hiring Women in Tech to promote balanced leadership and empower people of all abilities.	No

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
14	Talent attraction & retention	Opportunity	**Opportunity:** In our Business of Information Technology services, Skilled Talent members of the organisation are differentiators for organisation growth and sustenance. Hence Attraction and retention are key focus areas at all levels	Organisation has dedicated applicant tracking system for enabling prospective candidates to reach Talent Acquisition team through various channels. The common sourcing channels are Career Portal, Job portals managed by third parties, Member Referrals and dedicated partners who work with us. Prospective candidates do experience quality assessment methods and selected members are offered on par or better benefits compared to the industry. A continuous learning process are enabled in the organisation, that includes engaging onboarding, Information shared through dedicated member portals and also technical and professional learning courses. The trainings are both instructor lead and online. We have tie-up with global learning platforms whose access and learning content are provided as supporting knowledge gainers for required members. Keeping skill updated and relevant to our client requirements are foremost importance to us. Overall average learning hours achieved for this year is 33.08 over a target of 30 hours.	Yes
15	Disclosure & Compliance	R	**Risk:** Changes in regulatory compliances, corporate governance and disclosure requirements increase the cost of compliance if they are not identified and complied with on a timely basis	- Intimation of mandatory as well as non-mandatory information to the stock exchanges and dissemination of the same on the website on timely basis - Frequent communication with investors through various channels such as quarterly post-result calls, investor/analyst meets, email communication etc - Using a tech enabled Compliance Management System, to track all compliances and to assist in proactive Governance, Risk Management and Compliance (GRC)	In terms of opportunity cost, while initial investments are required to design and implement a compliance management system, the potential financial benefits that arise by way of cost reduction and risk mitigation by avoiding fines and penalties, can outweigh these costs over time.
16	Economic performance	R / O	**Risk:** Economic fluctuations can adversely impact businesses. **Opportunity:** Economic growth creates favorable conditions for business expansion.	- Monitor macroeconomic indicators - Analyze industry-specific trends through various Industry forums and reports - Well diversified geo business ensures geopolitical risks are well managed - Innovate products/services aligned with economic trends - Leverage technological advancements	- Increased revenue, market share, and profitability - Potential cost savings through efficiency gains
17	Corporate Governance & Ethics	R	**Risk:** Inefficiency in upholding the corporate governance principles will lead to dissatisfaction in stakeholders at large including the employees, clients, investors etc. that will have a direct impact on the operations.	- Commitment to a robust corporate governance mechanism has been ensured by adopting various policies, codes and processes, which in turn, has led to a transparent, ethical and responsible business conduct and regulatory compliance - Mandate for promoters to hold 40% stake to ensure perpetuity in the Company's vision and culture - Well-established Code of Conduct, Integrity Policy, Disciplinary Policy, Anti-bribery Policy, Vigil Mechanism Policy and such other policies to promote and maintain an ethical business behaviour at all times	Quantifiable Financial impact would be penalties imposed by SEBI, Stock exchanges. Non-quantifiable financial impact would be reputational loss, fall in the share price of the Company etc.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web link of the policies, if available	https://www.happiestminds.com/investors/policy-documents/Business%20Responsibility%20Policy.pdf								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners?	No	No	No	No	No	No	No	No	No
4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	• ISO 9001:2015: Quality Management System • ISO 27001:2013: Information Security Management System • ISO 27701: 2019: Privacy Information Management System • CREST: Penetration Testing Operating in EMEA • ISO 13485:2016: Medical Device Quality Management System								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	1. Attain carbon neutrality in the Company's operations by 2030. 2. Implement and promote sustainable practices for electricity consumption and water conservation. 3. Introduce volunteering initiatives and engage in community outreach activities involving at least 20% of the Company's workforce. 4. Collaborate with NGOs to enhance food and nutrition standards, promote environmental sustainability, and facilitate access to healthcare in the community. 5. Ensure disclosure standards rank within the top decile among comparable and leading entities listed in India.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	1. Currently about 10% of our energy utilization is through solar , plan to become 100% renewable by the specified target year 2. 100% of waste water generated at our leased facility is recycled via STP and re-used for garden and washrooms. 3. Community outreach activities are planned throughout the year. So far around 7 volunteering activities like tree plantations, blood donation camps, supporting visually, mentally challenged, etc has been done. 4. 6.97 million meals provided to government school children in tie up with Akshaya Patra Foundation.								
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	Understanding the increasing importance of ESG, we have integrated ESG factors into our business strategies. This helps us identify and mitigate risks, discover cost-saving measures through energy efficiency and waste reduction, stay compliant with existing regulations, anticipate future regulatory changes, enhance brand reputation, attract investors, and foster customer satisfaction.								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	VENKATRAMAN NARAYANAN Managing Director & CFO (DIN: 01856347)								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	The ESG Committee at Happiest Minds is responsible for overseeing corporate governance, ethics, and sustainability practices. This Committee is led by a senior management team member and plays a key role in integrating sustainability into business decisions and operations. It ensures the implementation of Happiest Minds' ESG strategy and compliance with targets, as well as focuses on improving disclosures to communicate the Company's ESG commitment to stakeholders. By bringing together members from different functions, the Committee identifies ESG risks and their potential financial impacts on the company. Regular quarterly meetings are held to assess progress and performance in ESG initiatives.								

10. Details of review of NGRBCs by the Company:

Subject for review	Indicate whether review was undertaken by Director/ Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other-please specify								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Y	Y	Y	Y	Y	Y	Y	Y	Y	Q	Q	Q	Q	Q	Q	Q	Q	Q
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Y	Y	Y	Y	Y	Y	Y	Y	Y	Q	Q	Q	Q	Q	Q	Q	Q	Q

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No) If yes provide name of the agency. **No, the Company has not carried out an external assurance.**

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated: **Not Applicable**

SECTION C: PRINCIPAL WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: Business should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. **Percentage coverage by training and awareness programmes on any of the principles during the financial year.**

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	0	-	-
Key Managerial Personnel	0	-	-
Employees other than BoD and KMPs	71	P1, P2, P3, P4, P5, P6, P7, P8, P9	96%
Workers	0	NA	NA

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

   Not Applicable as there were no cases of fines/penalties/punishments from any regulatory body for the reporting period.

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in case where monetary or non-monetary action has been appealed.**

   Not Applicable

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Trust and integrity are fundamental values ingrained in the culture of Happiest Minds. As detailed in the Integrity Policy of the Company, Happiest Minds is dedicated to upholding the highest ethical standards in all business operations. This extends beyond mere compliance to genuinely embodying the principles of honesty, transparency, and ethical conduct. The Anti-Bribery Policy explicitly prohibits any type of bribery. Happiest Minds will neither offer nor accept any kickbacks, inappropriate gifts, or illicit payments with the intention of gaining an unfair advantage. This policy applies to all parties involved, ranging from directors and partners to employees and consultants. Happiest Minds strives to establish partnerships based on trust and mutual gain, rather than focusing on immediate gains. The Company ensures that its policies are easily accessible to eliminate any ambiguity regarding its firm stance against corruption. By implementing robust policy, it is the objective of Happiest Minds Technologies Limited to Promote a corporate culture that facilitates ethical commercial activities, enables principled business operations and sustains upright organizational practices over an extended time period. The web link to access the policies is mentioned below:

- https://www.happiestminds.com/investors/policy-documents/
- https://www.happiestminds.com/investors/policy-documents/Integrity%20Policy.pdf

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

	FY 2024	FY 2023
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. **Details of complaints with regard to conflict of interest:**

	FY 2024		FY 2023	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NA	0	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	NA	0	NA

7. **Provide details of any corrective action taken or underway on issues related to fines/ penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

Not Applicable

8. **Number of days of accounts payables (Accounts payable *365) / Cost of goods/services procured) in the following format:**

	FY 2024	FY 2023
Number of days of accounts payables	29	31

9. **Open-ness of business**

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2024	FY 2023
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	NA	NA
	b. Number of trading houses where purchases are made from	NA	NA
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	NA	NA
Concentration of Sales	a. Sales to dealers/ distributors as % of total sales	NA	NA
	b. Number of dealers distributors to whom sales are made	NA	NA
	c. Sales to top 10 dealers/ distributors as % of total sales to dealers/ distributors	NA	NA
Share of RPTs in	a. Purchases (Purchases with related parties/ Total Purchases)	NA	NA
	b. Sales (Sales to related parties/ Total Sales)	2.1%	0.8%
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	NA	NA
	d. Investments (Investments in related parties/ Total Investments made)	NA	NA

Leadership Indicators

1. **Awareness programmes conducted for value chain partners on any of the principles during the financial year:**

The Company has not conducted any awareness programmes for its value chain partners in the current year, however, shall look to do so in the forthcoming reporting periods.

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No). If yes, provide details of the same.**

Yes, Happiest Minds has processes in place to avoid and manage conflicts of interest involving members of the board and the senior management. The Company's Code of Conduct for Directors and Senior Management requires the Board members and Senior Management of the Company to abstain themselves from discussion, voting, or otherwise influencing a decision on any matter in which they have or may have a conflict of interest; to disclose the circumstances that could create the potential conflicts of interests; to restrict themselves from serving as a Director of any Company that is in direct competition with the Company or must take prior approval from the Company's Board of Directors before accepting such position; to avoid holding any positions or jobs or engage in outside business or other interests that adversely affect the performance of duties. The Policy also covers the Independent Directors and mandates them to inform the Board of any changes in their interest which impacts their independence or that may interfere with their ability to perform their duties objectively. Managerial Excellence and Development of Agile Leaders (MEDAL) covers the training program on avoiding conflicts with employee categories C7 and above (around 120 employees). The 'WE HEAR' tool is the mechanism followed by the Company where the matter of conflict can be raised and sent by email to the CPO directly. Later, a team is formed to resolve the conflict. The Company ensures that the operations must be done in compliance with the applicable laws, regulations, and rules, and the introduction of the Happiest Minds Code of Conduct serves as crucial to the success of the Company.

PRINCIPLE 2: Business should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2024	FY 2023	Details of improvements in environmental and social impacts
R&D	NA	NA	
Capex	14.0%	0.8%	

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

Yes

b. **If yes, what percentage of inputs were sourced sustainably?**

21%

3. **Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for**

NA, as we are a service-based Company and do not deliver any product to the customer that can be re-claimed or recycled-

(a) Plastics (including packaging)

(b) E-waste

(c) Hazardous waste

(d) Other waste

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Not Applicable owing to the nature of business.

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

The Company has not conducted Life Cycle Assessment for any of its products.

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Not Applicable

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Not Applicable owing to the nature of business.

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed.**

Not Applicable owing to the nature of business.

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Not Applicable owing to the nature of business.

PRINCIPLE 3: Business should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. **Details of measures for the well-being of employees:**

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B / A	No. (C)	% (C / A)	No. (D	% (D / A	No. (E)	% (E / A)	No. (F)	% (F / A)
Permanent employees											
Male	3540	3540	100%	3540	100%	NA	NA	3540	100%	3540	100%
Female	1344	1344	100%	1344	100%	1344	100%	NA	NA	1344	100%
Total	4884	4884	100%	4884	100%	1344	28%	3540	72%	4884	100%
Other than Permanent employees											
Male	197	74	38%	74	38%	NA	NA	NA	NA	197	100%
Female	87	48	55%	48	55%	87	100%	NA	NA	87	100%
Total	284	122	43%	12	43%	87	31%	NA	NA	284	100%

b. **Details of measures for the well-being of workers:**

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B / A	No. (C)	% (C / A)	No. (D	% (D / A	No. (E)	% (E / A)	No. (F)	% (F / A)
Permanent workers											
Male	NA	NA		NA		NA		NA		NA	
Female	NA	NA		NA		NA		NA		NA	
Total	NA										
Other than Permanent workers											
Male	99	5	5%	5	5%	0	0	0	0	0	0
Female	11	0	0	0	0	0	0	0	0	0	0
Total	110	5	4.5%	5	4.5%	0	0	0	0	0	0

c. **Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format-**

	FY 2024	FY 2023
Cost incurred on well-being measures as a % of total revenue of the Company	1.5%	1%

All expenditures related to staff welfare includes Employee Insurance, Benefits, Rewards, Reimbursement and other staff related expenditures, excludes salary/wages.

2. **Details of retirement benefits, for Current FY and Previous Financial Year**

Benefits	FY 2024			FY 2023		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	NA	Y	100%	NA	Y
Gratuity	100%	NA	Y	100%	NA	Y
ESI	0.45%	95%	Y	0.4%	NA	Y
Others – please specify	Not Applicable					

3. **Accessibility of workplaces**

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Happiest Minds Technologies places a high priority on creating inclusive and accessible office spaces. The Company's amenities include handrails, ramps, and restrooms. These provisions are designed to support employees with disabilities and special needs, enabling all team members to fully engage and contribute. Happiest Minds' office layout demonstrates the dedication to promoting diversity, equity, and inclusion in the workplace.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

As a Company dedicated to fostering equality, Happiest Minds embraces and encourages the recruitment, growth, and retention of individuals with disabilities. We are firmly committed to upholding disability rights legislation and establishing workplaces that are accessible and inclusive, enabling our disabled employees to grow professionally.

5. **Return to work and Retention rates of permanent employees and workers that took parental leave.**

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	NA	NA
Female	98%	100%	NA	NA
Total	**99%**	**100%**	**NA**	**NA**

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	NA
Other than Permanent Workers	NA
Permanent Employees Other than Permanent Employees	Happiest Minds' internal tool 'We Hear' is an online platform empowering employee to raise concerns, including discrimination or sexual harassment, directly to senior leadership. The Internal Committee (IC) promptly addresses these issues, ensuring effective resolution. Additionally, the Audit Committee establishes a vigil mechanism, providing all employees with a platform to voice their concerns and maintain transparency within the organization.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

While the Company does not have any employee / worker unions, it does recognise the right to freedom of association and collective bargaining.

Category	FY 2024			FY 2023		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees						
Male	NA	NA	-	NA	NA	-
Female	NA	NA	-	NA	NA	-
Total Permanent Worker						
Male	NA	NA	-	NA	NA	-
Female	NA	NA	-	NA	NA	-

8. Details of training given to employees and workers:

Category	FY 2024					FY 2023				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	3540	Nil	Nil	2795	79%	4884	1,996	58%	1,553	45%
Female	1344	Nil	Nil	1120	83%	1,308	623	48%	581	44%
Total	**4884**	**Nil**	**Nil**	**3915**	**80%**	**4,743**	**2,619**	**55%**	**2,134**	**45%**

9. Details of performance and career development reviews of employees and worker:

Category	FY 2024			FY 2023		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	3540	3326	94%	3,074	3,074	100%
Female	1344	1283	95%	1,159	1,159	100%
Total	**4884**	**4609**	**94%**	**4,233**	**4,233**	**100%**
Workers						
Male	Not Applicable					
Female						
Total						

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage such system?

Yes, Happiest Minds Technologies has in place a robust Occupational Health and Safety Management System that applies to all aspects of the Company's operations, including trainees, employees, consultants, vendors, partners, and retainers. The 'Health and Safety Policy' has been developed to encompass all operations, further outlining our principles and dedication to effectively managing critical elements of Environment, Health, and Safety, both actively and passively.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Company upholds strict health and safety protocols to protect employees as follows:

- Close collaboration with agencies and industry partners ensures the Company leads in safety practices and continuous improvement.
- All staff undergo comprehensive training on protocols and maintaining a secure workplace.
- Regular reviews of records ensure compliance with regulatory standards, demonstrating legal commitment.
- The Company advocates health and safety best practices among vendors, contractors and partners.
- Periodic confirmations and reviews reaffirm adherence to HSE guidelines, underscoring dedication to employee wellbeing and excellence.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Since the nature of our business being IT services, there are no adverse work related/health hazards identified. We ensure the basic safety of employees and use Personal Protective Equipment wherever required.

d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)-

The Company has partnered with reputable hospitals to offer employees 24/7 teleconsulting services. Additionally, Happiest Minds also provides comprehensive benefits such as Medical Insurance, Voluntary Parental Insurance, and Salary Advances & Compassionate Loans for Medical Emergencies. The Company's commitment to employee well-being extends to offering medical teleconsultation services for employees and their families, ensuring access to quality healthcare whenever needed.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2024	FY 2023
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

The Company places a strong emphasis on prioritizing the safety and well-being of all personnel, including contractors working on its premises. This commitment is evident through the implementation of Personal Protective Equipment (PPE) and adherence to safety protocols outlined in Standard Operating Procedures (SOP). Additionally, annual fire drills are meticulously planned and conducted across all company locations to ensure preparedness and response in the event of an emergency. By maintaining a secure and healthy working environment, the Company underscores its dedication to the welfare of its workforce and upholds industry standards for safety.

13. Number of Complaints on the following made by employees and workers:

	FY 2024			FY 2023		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	Nil	NIL	NIL	NIL
Health & Safety	0	0	Nil	NIL	NIL	NIL

14. Assessment for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	0
Working Conditions	0

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/ concerns arising from assessments of health & safety practices and working conditions.

Not Applicable

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers(Y/N).

A) Employees - Yes, the Care & Compassionate Scheme provides comprehensive benefits, including salary continuity for up to two years, accelerated vesting of options, and educational support for children. Medical insurance coverage is extended to the spouse, children, and parents for five years. Benefits range from ₹15 Lakhs to ₹ 50 Lakhs in India, ensuring robust assistance for families.

(B) Workers(Y/N) - We don't have blue collared workers as a part of Happiest Minds Payroll

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

Based on the nature of goods or service, TDS is being deducted for the suppliers wherever applicable.

3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment: - Not Applicable

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2024	FY 2023	FY 2024	FY 2023
Employees	0	0	0	0
Workers	0	0	0	0

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)-

The Company does not have a defined retirement age.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	NA
Working conditions	NA

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not Applicable

PRINCIPLE 4: Business should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

Happiest Minds Technologies engages in a consultative process with management to identify key stakeholders. The prioritized roster includes customers, employees, shareholders, investors, government and regulatory authorities, communities and NGOs, staffing agencies, alliance partners, and vendors. In compiling this report, Happiest Minds conducts stakeholder engagement with both internal and external parties. The feedback obtained on expectations and concerns aids in shaping the Company's strategy, policies, and action plans concerning environmental, economic, and social priorities. Happiest Minds values a variety of stakeholder viewpoints to guide its approach to sustainability and corporate citizenship thoughtfully.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers		Project-related calls, and meetings; project management reviews; relationship meetings and reviews; executive meetings and briefings; customer visits; responses to RFIs/RFPs; sponsored events; mailers; newsletters; brochures, Company website; social media (LinkedIn, Instagram, YouTube, Threads, X, Facebook); Customer Happiness Surveys; sponsored community events	Continuous/ Annually	
People		Town halls; project or operations reviews; video conferences; audio conference calls; PEP; Yammer (employee forum); one-on-one counselling; iAppreciate (Portal for employee appreciation); Leave donation scheme (Donating Leave for fellow Employees in need); Wellness programs; Employee Engagement programs; Annual reviews; Employee Committees	Continuous/ Annually	
Shareholders & Investors		Press releases and press conferences; email advisories; in-person meetings; investor conferences; disclosure; social and environmental sustainability, financial statements in IND AS and IFRS; earnings call; exchange notifications; press conferences; Investors page, on our website Annual General Meeting; Annual Report	Continuous/ Annually	
Alliance Partners		Meetings/calls; visits; Partner events; Conference calls; Business reviews	Others-as needed	
Community		Presentations; Project meetings; Reviews; calls and meetings; surveys; consultative sessions; field visits; due diligence; conferences and seminars; surveys; press releases; press conferences; sponsored events; contribute time and financial resources in a social cause, actively engage, participate and support social and environmental causes and associate with organizations working towards this goal	Others-as needed	
Vendors		Meetings, Audits, Self-assessments	Others-as needed	
Government and Regulatory Bodies		Inputs towards drafting new policies, rules & regulations	Others-as needed	

Leadership Indicator

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board-**

   Not Applicable

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Not Applicable

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups. -**

   Not Applicable

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2024			FY 2023		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	4,884	4,884	100%	4,589	4,589	100%
Other than permanent	284	284	100%	328	328	100%
Total Employees	**5,168**	**5,168**	**100%**	**4,917**	**4,917**	**100%**
Workers						
Permanent	Not Applicable					
Other than permanent						
Total Workers						

2. **Details of minimum wages paid to employees and workers, in the following format:**

Category	FY 2024					FY 2023				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent	4,884	NA	NA	4,884	100%	4,589	94	2%	4,495	98%
Male	3,540	NA	NA	3,540	100%	3,337	55	2%	3,282	98%
Female	1,344	NA	NA	1,344	100%	1,252	39	3%	1,213	97%
Other than Permanent	284	41	14%	74	26%	328				
Male	197	23	12%	50	25%	233				
Female	87	18	21%	24	28%	95				
Workers										
Permanent	Not Applicable									
Male										
Female										
Other than Permanent										
Male										
Female										

3. **Details of renumeration/ salary/ wages, in the following format:**

   a. **Median renumeration/wages:**

	Male		Female	
	Number	Median renumeration/ salary/ wages of respective category	Number	Median renumeration/ salary/ wages of respective category
Board of Directors (BoD)	3	19773600	0	0
Key Managerial Personnel	1	6406850	0	0
Employees other than BoD and KMP	3244	1700000	1248	1074600
Workers	Not Applicable			

   b. **Gross wages paid to females as % of total wages paid by the entity, in the following format:**

	FY 2024	FY 2023
Gross wages paid to females as % of total wages	21%	21%

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

   Employee well-being takes precedence at Happiest Minds, with concerns addressed comprehensively by the Chief People Officer (CPO) and the People Practice team. Augmenting this support, the Happiness Evangelism team is dedicated to understanding and addressing employee concerns, nurturing a positive workplace culture. Furthermore, the internal Mithra team offers vital counselling services, ensuring all employees have access to the guidance and care necessary for their well-being.

5. **Describe the internal mechanisms in place to redress grievances related to human rights issues.**

   Happiest Minds upholds robust Human Rights and Grievance Redressal Policies, complemented by two open communication initiatives: "Ask EB" and "Just Ask." "Ask EB" empowers employees to pose questions to the Executive Board or department heads, with responses guaranteed within 24 hours. Additionally, the "We Hear" portal facilitates reporting of discrimination or equal opportunity violations, ensuring transparency, fairness, and open dialogue across the organization.

6. **Number of Complaints on the following made by employees and workers:**

	FY 2024			FY 2023		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	-	0	0	-
Discrimination at workplace	0	0	-	0	0	-
Child Labour	0	0	-	0	0	-
Forced Labour/Involuntary Labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights related issues	0	0	-	0	0	-

7. **Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:**

	FY 2024	FY 2023
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employees / workers	0	0
Complaints on POSH upheld	0	0

8. **Mechanisms to prevent adverse consequences to the complaint in discrimination and harassment cases.**

Happiest Minds Technologies aims to provide a safe and inclusive workplace and prohibits any form of discrimination, harassment or retaliation. The Company has a POSH (Prevention of Sexual Harassment) policy to prohibit such occurrences and ensure no adverse consequences when an employee reports a complaint. The Company also conducts regular mandatory training sessions on POSH for all employees, including new hires during induction. Happiest Minds places a strong emphasis on promoting women's participation across levels through specialized programs and interventions. Guidelines are in place to create a workplace supportive of women. An Internal Committee (IC) has been constituted to prevent adverse consequences in harassment complaints and govern employee conduct on these matters. Happiest Minds is committed to building a diverse, equitable and harassment-free workplace for all.

9. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

Yes, Happiest Minds Technologies Limited mandates adherence to its Code of Conduct in all business interactions. Respecting fundamental human rights principles is an essential prerequisite for any entity to engage in commercial activities with Happiest Minds. Upholding basic human rights is embedded in the Company's policies for vendor and partner relationships.

10. **Assessment for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	0
Forced/involuntary labour	0
Sexual harassment	0
Discrimination at workplace	0
Wages	0
Others-please specify	0

11. **Provide details of any corrective actions taken or underway to address significant risks/ concerning arising from the assessments at Question 10 above.**

Not Applicable

Leadership Indicators

1. **Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

No business processes have been revised or introduced, as our comprehensive human rights and redressal policies already encompass all necessary provisions. This strong framework ensures that any new measures align with existing guidelines, safeguarding the rights and needs of our workforce

2. **Details of the scope and coverage of any Human rights due diligence conducted.**

The Company has implemented a Code of Conduct policy to ensure responsible adherence to all human rights measures throughout its operations.

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Yes, the Happiest Minds office is accessible to all as per the requirements of the Rights of Persons with Disabilities Act, 2016

4. **Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Child labour	NA
Forced/involuntary labour	NA
Sexual harassment	NA
Discrimination at workplace	NA
Wages	NA
Others-please specify	NA

5. **Provide details of any corrective actions taken or underway to address significant risks/ concerns arising from the assessments at Question 4 above.**

Not applicable

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	Unit	FY 23-24	FY 22-23
From renewable sources			
Total electricity consumption (A)	GJ	1773.2124	510.96
Total fuel consumption (B)	GJ	NA	-
Energy consumption through other sources (C)		NA	-
Total energy consumed from renewable sources (A+B+C)	**GJ**	**1773.212**	**510.96**
From non-renewable sources			
Total electricity consumption (D)	GJ	14288.43	10822.54
Total fuel consumption (E)	GJ	1764.47	929.00
Energy consumption through other sources (F)		NA	NA
Total energy consumed from non-renewable sources (D+E+F)		**16052.90**	**11,751.54**
Total energy consumed (A+B+C+D+E+F)		**17826.11**	**12262.49**
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)		0.00	0.092
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/ Revenue from operations adjusted for PPP)		2.71	2.105
Energy intensity in terms of physical output		**NA**	**NA**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No assessments by external agency has been done

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

Not Applicable owing to the nature of business.

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 2024	FY 2023
Water withdrawal by source (in kilolitres)		
(i) Surface Water		-
(ii) Ground Water	6336.206	2,005
(iii) Third Party Water	2868	2,168
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	**9204.206**	**4,173**
Total volume of water consumption (in kilolitres)	**9204.206**	**4,173**
Water intensity per rupee of turnover (Total Water consumption / Revenue from operations)	0.062	0.031
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/ Revenue from operations adjusted for PPP)	1.429	0.716
Water intensity in terms of physical output	**NA**	**NA**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No external assurance done

4. Provide the following details related to water discharged:

Parameter	FY 2024	FY 2023
Water discharge by destination and level of treatment (in kilolitres)		
i) To Surface Water		-
- No treatment		-
- With treatment-please specify level of treatment (STP)	Not Applicable as no water was discharged after treatment	2,433.28
ii) To Groundwater		-
- No treatment		-
- With treatment-please specify level of treatment		-
iii) To Seawater		-
- No treatment		-
- With treatment-please specify level of treatment		-
iv) Sent to Third-parties		-
- No treatment		-
- With treatment-please specify level of treatment		-
v) Others		-
- No treatment		-
- With treatment-please specify level of treatment		-
Total water discharge (in kilolitres)	**0**	**2,433.28**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No, the Company has not conducted any external assurance.

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

We have a mechanism of zero liquid discharge which is recycling.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2024	FY 2023
NOx	Mg/Nm3	15	46
SOx	Mg/Nm3	7.5	9
Particulate matter (PM)	µg/m3	32.6	36
Persistent organic compounds (POP)	µg/m3	25.3	20
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	µg/m3	5.6	5.8
Others-please specify	NA	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the Company has not conducted any external assurance.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2024	FY 2023
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	1242	57.37
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	2842	2374.95
Total Scope 1 and Scope 2 emissions intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	MTCO2e per rupee	0.0000003	0.0000002
Total Scope 1 and Scope 2 emissions intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	MTCO2e /PPP	0.000006	0.000004
Total Scope 1 and Scope 2 emissions intensity in terms of physical output	**NA**	**NA**	**NA**

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

The Company is undertaking efforts to reduce its GHG emissions to the extent possible and shall continue to do so in the future.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2024	FY 2023
Total Waste generated (in metric tonnes)		
Plastic waste (A)	NA	NA
E-waste (B)	1.5	0.645
Bio-medical waste (C)	NA	NA
Construction and demolition waste (D)	82.5	45.35
Battery waste (E)	0	0
Radioactive waste (F)	0	0
Other hazardous waste. Please specify, if any. (G)	0	0.51
Other non-hazardous waste generated (H). (Dry Paper waste)	3.96	5.04
Total (A+B + C + D + E + F + G + H)	**87.96**	**51.545**
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)	0.0006	0.0003
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)	0.014	0.008
Waste intensity in terms of physical output	NA	NA
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
i) Recycled	NA	-
ii) Re-used	NA	-
iii) Other recovery operations	NA	NA
Total	**NA**	**NA**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
I) Incineration	NA	NA
ii) Landfilling	NA	NA
iii) Other disposal operations	3.96	NA
Category1 (wet waste/food waste)	NA	NA
Category2 (dry waste/paper waste)	0	5.04
Total	**3.96**	**5.04**

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No External assurance done

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Company efficiently repurposes wastewater recycled through its Sewage Treatment Plant (STP) for gardening and washroom purposes. E-Waste is disposed of in accordance with PCB norms, ensuring responsible management. Food waste undergoes decomposition and is utilized as organic manure, promoting sustainability. Furthermore, the Company adheres to strict protocols to prevent the production of toxic or hazardous chemical wastes, prioritizing environmental stewardship.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

The Company does not have any operations in ecologically sensitive areas.

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not Applicable

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances.

Yes, the Company is in compliance with the relevant laws and regulations.

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility/plant located in areas of water stress, provide the following information:

i) Name of the area

ii) Nature of operations

iii) Water withdrawal, consumption and discharge in the following format:

Not Applicable, as the Company's operations do not fall under water stress areas.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Not Applicable

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2024	FY 2023
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	3295	NA
Total Scope 3 emissions per rupee of turnover	Metric tonnes of Co2 equivalent	0.00	NA

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.-No external assurance has been done.

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Not Applicable

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes, Happiest Minds Technologies Limited has a Business Continuity Management (BCM) framework a robust strategy to ensure the smooth operation of critical business services and to swiftly recover from any challenges. The Company regularly assesses the potential impact of various events such as natural disasters, pandemics, cyberattacks, or administrative decisions on its operations.

https://www.happiestminds.com/whitepapers/BCP-and-DR-plan-with-NAS-solution.pdf

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

The Company has not assessed the impacts arising from the operations of the value chain on the environment.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Happiest Minds is currently in the process to assess the top vendors based on business volume for their environmental impacts.

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/associations.

4

b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Confederation of India Industries (CII)	National
2	National Association of Software and service Companies (NASSCOM)	National
3	Federation of Karnataka Chambers of Commerce and Industry (FKCCI)	State
4	Indo-German Chamber of Commerce	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

There are no orders from regulatory authorities on any issues of anti-competitive conduct.

Leadership Indicators

1. Details of public policy positions advocated by the entity

The Company did not undertake any public policy advocacy positions during the reporting period.

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Not Applicable as per the relevant laws.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Not Applicable

3. Describe the mechanisms to receive and redress grievances of the community.

Not applicable to us as we currently work with the community through our partner NGOs.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2024	FY 2023
Directly sourced from MSMEs/ small producers	18%	13.29%
Directly from within India	51%	58%

5. **Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost**

Location	FY 2024	FY 2023
Rural	0	0
Semi-urban	0	0
Urban	0	0
Metropolitan	100%	100%

Numbers mentioned above are specific to India geography.

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

   Not Applicable

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

Sr. No.	State	Aspirational District	Amount spent (In INR)
1	Karnataka	Raichur	2,299,500

3. a. **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/ vulnerable group? (Yes/ No)**

   Covered under supplier diversity and will be implemented in the coming years.

   b. **From which marginalized /vulnerable groups do you procure?**

   Not Applicable

   c. **What percentage of total procurement (by value) does it constitute?**

   Not Applicable

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

   Not Applicable

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

   Not Applicable

6. **Details of beneficiaries of CSR Projects:**

S. No	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Safe drinking water for draught region	42000	100%
2	One billion drop project	3200	
3	Social forestry, soil & water conservation		100%
4	Rural electrification	100 Households	100%
5	Project Puthri	20	100%
6	Providing Insulin to Type-1 diabetes	30	100%
7	Akshaya Patra Foundation	6.97 million	100%

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner.

Essential indicator

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

   Happiest Minds has a framework to understand customer needs and expectations. This helps create plans for ongoing engagement and strengthen customer relationships as follows:

   - Early warning systems provide alerts to help Happiest Minds make necessary course corrections and deliver high-quality services.
   - Tools to frequently review customer perceptions:
     1. Weekly project team meetings to evaluate engagement status.
     2. Monthly governance meetings between sales/delivery leaders and account executives to review risks and develop mitigation plans.
     3. Quarterly governance meetings between BU heads and customer leadership to discuss relationship growth, and new initiatives, and address issues.
   - The aim is to proactively gather customer insights, address concerns early, and build strong long-term partnerships.

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

   Not Applicable

3. **Number of consumer complaints in respect of the following:**

	FY 2024			FY 2023		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0		NIL	NIL	-
Advertising	0	0		NIL	NIL	-
Cyber Security	1	1		NIL	NIL	-
Delivery of essential services	0	0		NIL	NIL	-
Restrictive Trade Practices	0	0		NIL	NIL	-
Unfair Trade Practices	0	0		NIL	NIL	-
Other	18	0		14	0	All complaints were resolved in a timely manner

4. **Details of instances of product recalls on account of safety issues:**

   Not Applicable owing to the nature of business.

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

   Happiest Minds Technologies has established a robust information and cybersecurity framework certified under ISO 27701 to safeguard its data assets. The board-approved policy outlines comprehensive processes for adequate protection of business information through appropriate controls. An internal governance committee oversees the cybersecurity program to detect and rapidly respond to potential threats across the Company's network, applications, and infrastructure. Proactive measures enable Happiest Minds to identify risks early and take steps to prevent any breaches or attacks. With strong detection, response, and recovery capabilities in place, the security framework assures customers and stakeholders that their data is protected. Regular reviews ensure the program is continuously strengthened to mitigate emerging risks as technology and threat landscapes evolve. Happiest Minds is committed to maintaining robust cyber resilience to support business continuity and customer trust. https://www.happiestminds.com/privacy-policy/

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

The Company adheres to ISO 27001 and ISO 27701 to ensure compliance to cyber security and privacy requirements along with further GDPR and PIMS requirements for data privacy.

7. Provide the following information relating to data breaches:

a. Number of instances of data breaches: 0

b. Percentage of data breaches involving personally identifiable information of customers: 0

c. Impact, if any, of the data breaches: Not Applicable

Leadership Indicator

1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).

Information relating to all the products and services provided by Happiest Minds is available on the Company's website, https://www.happiestminds.com/

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/ or services.

Not Applicable owing to the nature of business.

3. Mechanisms in place to inform consumers of any risk of disruption/ discontinuation of essential services.

Not Applicable owing to the nature of business.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/ Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

- Owing to the nature of business, the Company does not display any product information over its products.
- Yes, the Company carries out Annual Customer Happiness Survey to understand the level of satisfaction and receive feedback around the same.

FINANCIAL STATEMENTS

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Independent Auditor's Report

To The Members of Happiest Minds Technologies Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Happiest Minds Technologies Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2024, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of material accounting policies and other explanatory information which are incorporated the financial statements of Happiest Minds Technologies Share Ownership Plans Trust (the "ESOP trust") for the year ended on that date audited by the other auditor ("trust auditor").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the trust auditor on separate financial statements referred to in the Other Matters section below, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules,2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the trust auditor in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Fixed price contracts using the percentage of completion method** *(refer note 2(a) and note 26 of the standalone Ind AS financial statement)* Revenue from fixed-price contracts where the performance obligations are satisfied over time, is recognized using the percentage-of-completion method. Use of the percentage-of-completion method requires the Company to determine the project costs incurred to date as a percentage of total estimated project costs required to complete the project. The estimation of total project costs involves significant judgement and is assessed throughout the period of the contract to reflect any changes based on the latest available information. We identified the revenue recognition for fixed price contracts where the percentage-of-completion method is used as a key audit matter because of the significant judgement involved in estimating the efforts to complete such contracts. This estimate has a high inherent uncertainty and requires consideration of progress of the contract, efforts incurred to-date and estimates of efforts to complete the contract. This required a high degree of auditor judgement in evaluating the audit evidence supporting the estimated efforts to complete and a higher extent of audit effort to evaluate the reasonableness of the total estimated efforts used to recognise revenue on fixed-price contracts.	**Principal audit procedures performed:** Our audit procedures related to estimates of efforts to complete for fixed-price contracts accounted using the percentage-of-completion method included the following, among others: • We tested the effectiveness of controls relating to (1) recording of efforts incurred and estimation of efforts to complete the remaining contract performance obligations, and (2) access and application controls pertaining to time recording and allocation systems, which prevents unauthorized changes to recording of efforts incurred. • We evaluated management's ability to reasonably estimate the progress towards satisfying the performance obligation, by comparing actual information to estimates, for performance obligations that have been fulfilled. • We selected a sample of fixed price contracts with customers accounted using percentage-of-completion method and performed the following: • Read the contract and based on the terms and conditions evaluated whether recognizing revenue over time was appropriate, and the contract was included in management's calculation of revenue over time. • Evaluated the appropriateness of and consistency in the application of management's policies and methodologies to estimate progress towards satisfying the performance obligation. • Compared efforts incurred with data from the timesheet application system. • Tested the estimate for consistency with the status of delivery of milestones and customer acceptances to identify possible delays in achieving milestones, which require changes in estimated efforts to complete the remaining performance obligations. We assessed the adequacy of disclosures made in the financial statements with respect to revenue recognized during the year as required by applicable Indian Accounting Standards.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report 2023-24, but does not include the standalone financial statements and our auditor's report thereon. The report is expected to be made available to us after the date of this auditor's report.

- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the ESOP trust is traced from their financial statements audited by the trust auditors.

- When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and the ESOP trust to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the standalone financial statements of which we are the independent auditors. For the other entities or business activities included in the standalone financial statements, which have been audited by the trust auditor, such trust auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal financial controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of ESOP trust included in the standalone financial statements of the Company whose financial statements reflect total assets of ₹ 24,651 Lakhs as at March 31, 2024, total revenue of ₹ Nil and net cash flows amounting to ₹ 882 Lakhs for the year ended on that date, as considered in the standalone financial statements. The financial statements of the ESOP trust have been audited by the trust auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the ESOP trust and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid ESOP trust, is based solely on the report of such trust auditor.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the trust auditor on the separate financial statements of the ESOP trust, referred to in the Other Matters section above we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and the reports of the trust auditor.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account and with the financial statements received from the trust auditors.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 41 of the standalone financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.

The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with section 123 of the Act.

As stated in note 46 to the standalone financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. Such dividend proposed is in accordance with section 123 of the Act, as applicable.

vi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that:

1. In respect of accounting software used for maintaining revenue records, audit trail was not enabled at the database level to log any direct data changes;

2. The Company migrated to a new accounting software for maintaining payroll records on October 1, 2023. Based on our examination which included test checks, in respect of the earlier software used for maintaining the payroll records for the period April 1, 2023 to September 30, 2023 audit trail was not enabled at the database level to log any direct data changes; and

3. In respect of the accounting software operated by a third party software service provider, for maintaining payroll records, with effect from October 01, 2023 based on the independent auditor's service organisation report covering the requirement of audit trail, the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility at the application level and the same has operated during the period October 1, 2023 till December 31, 2023. No instance of audit trail feature being tampered with has been reported in such independent auditor's report for the aforesaid period. In the absence of an independent auditor's report covering the audit trail requirement for the remaining period, we are unable to comment whether the audit trail feature of the said software was enabled and operated post December 31, 2023, for all relevant transactions recorded in the software or whether there was any instance of the audit trail feature been tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the year ended March 31, 2024.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS AND SELLS**
Chartered Accountants
(Firm's Registration No.008072S)

Vikas Bagaria
Partner
(Membership No. 060408)
(UDIN: 24060408BKFSLP2254)
Place: Bengaluru
Date: May 6, 2024

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Happiest Minds Technologies Limited ("the Company") as at March 31, 2024 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

A company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2024, based on the criteria for internal financial control with reference to standalone financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS AND SELLS**
Chartered Accountants
(Firm's Registration No.008072S)

Vikas Bagaria
Partner
(Membership No. 060408)
(UDIN: 24060408BKFSLP2254)
Place: Bengaluru
Date: May 6, 2024

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of accounts and records examined by us in the normal course of audit, we state that:

i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, capital work-in-progress and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) Some of the Property, Plant and Equipment, capital work-in-progress and right-of-use assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the Property, Plant and Equipment and right-of-use assets at reasonable intervals having regard to the size of the Company and the nature of its activities. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) Based on our examination of the registered sale deed provided to us, we report that, the title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in (property, plant and equipment and capital work-in progress) are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right of use assets) or intangible assets, during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. (a) The Company does not have any inventory and hence reporting under clause (ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising (stock statements, book debt statements, statements on ageing analysis of the debtors/other receivables stipulated financial information) filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters.

iii. The Company has made investments in, companies, firms, Limited Liability Partnerships or any other parties during the year, in respect of which:

(a) The Company has provided loans, the details of which are given below:

(₹ in Lakhs)

	Loans	Advances in nature of loans	Guarantees	Security
A. Aggregate amount granted / provided during the year:				
- Subsidiaries	-	-	-	-
- Joint Venture	-	-	-	-
- Associates	-	-	-	-
- Others	301	-	-	-
B. Balance outstanding as at balance sheet date in respect of above cases:				
- Subsidiaries	1,668	-	-	-
- Joint Ventures	-	-	-	-
- Associates	-	-	-	-
- Others	16	-	-	-

(b) The investments made and the terms and conditions of the grant of all the above-mentioned loans provided, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(c) In respect of loans, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.

(d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted and advances in the nature of loans provided by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.

(e) None of the loans or advances in the nature of loans granted by the Company have fallen due during the year.

(f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.

iv. The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

vi. The maintenance of cost records has not been specified for the activities of the Company by the Central Government under section 148(1) of the Companies Act, 2013.

vii. In our opinion, in respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities though the delays in deposit have not been serious.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Income-tax, Sales Tax, Service Tax, duty of Custom, Duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2024 for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2024 on account of disputes are given below:

Name of the Statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Goods and Service Tax act, 2017	Goods and Service Tax	1,029 lakhs ^	1 July 2017 to 31 March 2018	Joint Commissioner (Appeals)

^ Net of ₹ 48 Lakhs is paid under protest

viii. There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

ix. (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings, or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) On an overall examination of the Financial Statements of the Company, funds raised on short term basis, have, prima facie, not been used during the year, for long term purposes by the Company.

(e) On an overall examination of the Financial Statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) The company has not raised loans during the year on the pledge of securities held in its subsidiaries.

x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) The Company has made private placement of shares during the year. For such allotment of shares, the Company has complied with the requirements of Section 42 and 62 of the Companies Act, 2013, and the funds raised have been, prima facie, applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application. The Company has not made any preferential allotment or private placement of (fully or partly or optionally) convertible debentures during the year.

xi. (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year (and up to the date of this report).

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto March 31, 2024, in determining the nature, timing and extent of our audit procedures.

xv. In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

(b) In our opinion, there is no core investment Company with the Group (as identified in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors of the Company during the year.

xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

For **DELOITTE HASKINS AND SELLS**
Chartered Accountants
(Firm's Registration No.008072S)

Vikas Bagaria
Partner
(Membership No. 060408)
(UDIN: 24060408BKFSLP2254)
Place: Bengaluru
Date: May 6, 2024

Standalone Balance Sheet
as at March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	As at March 31, 2024	As at March 31, 2023
Assets			
Non-current assets			
Property, plant and equipment	3	13,687	13,111
Capital work-in-progress	3	9	185
Goodwill	4	611	611
Other intangible assets	4	312	394
Intangible assets under development	4	22	81
Right-of-use assets	5	5,698	5,786
Financial assets			
i. Investments	6	19,719	19,719
ii. Loans	7	-	2,465
iii. Other financial assets	8	2,450	9,349
Income tax assets (net)	9	1,330	1,196
Other assets	10	32	93
Deferred tax assets (net)	11	1,636	1,246
Total non-current assets		**45,506**	**54,236**
Current assets			
Financial assets			
i. Investments		-	-
ii. Trade receivables	12	23,196	19,885
iii. Cash and cash equivalents	13	10,682	5,966
iv. Bank balance other than cash and cash equivalents	14	1,21,673	61,441
v. Loans	7	1,684	64
vi. Other financial assets	8	13,611	11,901
Other assets	10	4,435	4,147
Total current assets		**1,75,281**	**1,03,404**
Total assets		**2,20,787**	**1,57,640**
Equity and liabilities			
Equity			
Equity share capital	15	2,987	2,866
Other equity	17	1,44,383	79,732
Total equity		**1,47,370**	**82,598**
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	19	10,445	11,278
ii. Lease liabilities	20	4,570	4,761
iii. Other financial liabilities	21	401	1,996
Provisions	22	2,988	2,179
Total non-current liabilities		**18,404**	**20,214**

Standalone Balance Sheet (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	As at March 31, 2024	As at March 31, 2023
Current liabilities			
Contract liabilities	23	1,417	759
Financial liabilities			
i. Borrowings	19	33,792	36,377
ii. Lease liabilities	20	2,412	1,859
iii. Trade payables	24		
(A) Total outstanding due of Micro enterprises and Small enterprises		165	83
(B) Total outstanding due of creditors other than Micro enterprises and Small enterprises.		6,715	6,160
iv. Other financial liabilities	21	5,751	5,590
Other current liabilities	25	2,671	2,243
Provisions	22	2,090	1,757
Total current liabilities		**55,013**	**54,828**
Total liabilities		**73,417**	**75,042**
Total equity and liabilities		**2,20,787**	**1,57,640**
Summary of material accounting policies	2		

The notes referred to above form an integral part of the Standalone Financial Statements.

As per our report of even date
for **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: 06-05-2024

Ashok Soota
Executive Chairman
DIN : 00145962
Place: Bengaluru, India
Date: 06-05-2024

Venkatraman Narayanan
Managing Director & Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: 06-05-2024

Praveen Darshankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: 06-05-2024

Standalone Statement of Profit and Loss

for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
Income			
Revenue from contract with customers	26	1,47,288	1,33,255
Other income	27	11,126	2,234
Total income		**1,58,414**	**1,35,489**
Expenses			
Employee benefits expense	28	94,772	78,690
Depreciation and amortisation	29	3,430	2,996
Finance costs	30	4,227	2,150
Other expenses	31	23,632	22,485
Total expenses		**1,26,061**	**1,06,321**
Profit before exceptional items and tax		**32,353**	**29,168**
Exceptional items	32	143	-
Profit before tax		**32,496**	**29,168**
Tax expense	33		
Current tax		8,320	7,889
Deferred tax charge/ (credit)		(397)	(359)
		7,923	**7,530**
Profit for the year		**24,573**	**21,638**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Net movement on effective portion of cash flow hedges	37(B)	403	(631)
Income tax effect	33	(101)	159
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**302**	**(472)**

Standalone Statement of Profit and Loss (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement losses on defined benefit plans	35	(376)	(125)
Income tax effect	33	95	31
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(281)**	**(94)**
Other comprehensive income for the year, net of tax		**21**	**(566)**
Total comprehensive income for the year		**24,594**	**21,072**
Earnings per equity share:	34		
Equity shares of par value ₹ 2/- each			
Basic, computed on the basis of profit for the year attributable to equity holders of the Company (₹)		16.55	15.11
Diluted, computed on the basis of profit for the year attributable to equity holders of the Company (₹)		16.55	15.00
Summary of material accounting policies	2		

The notes referred to above form an integral part of the Standalone Financial Statements.

As per our report of even date
for **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: 06-05-2024

Ashok Soota
Executive Chairman
DIN : 00145962
Place: Bengaluru, India
Date: 06-05-2024

Venkatraman Narayanan
Managing Director & Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: 06-05-2024

Praveen Darshankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: 06-05-2024

Standalone Statement of Cash Flows

for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
Operating activities			
Profit before tax		**32,496**	**29,168**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation/ amortisation of property, plant and equipment, intangibles and right-of-use assets		3,430	2,996
Share-based payment expense		47	120
Gain on sale of investment carried at fair value through profit and loss		(18)	(803)
Gain on derecognition of contingent consideration		(143)	-
Interest income		(8,036)	(2,725)
Unrealised foreign exchange (gain)/ loss		(105)	1,209
Rent concession		-	(71)
Impairment loss on financial assets		433	-
Dividend from subsidiary		(2,500)	-
Provision no longer required/ written-off		(78)	-
Finance costs		4,227	2,150
Operating cash flow before working capital changes		**29,753**	**32,044**
Movements in working capital:			
(Increase) in trade receivables		(3,656)	(3,687)
Decrease/ (Increase) in loans		48	(60)
(Increase) in non-financial assets		(227)	(1,004)
(Increase) in financial assets		(1,316)	(2,092)
Increase in trade payables		633	936
Increase/ (Decrease) in financial liabilities		205	(650)
Increase in provisions		766	495
Increase/ (Decrease) in contract liabilities		727	(213)
Increase/ (Decrease) in other non-financial liabilities		428	(184)
		27,361	**25,585**
Income tax paid, net of refunds		(8,454)	(8,406)
Net cash flows from operating activities	**(A)**	**18,907**	**17,179**
Investing activities			
Purchase of property, plant and equipment		(823)	(13,096)
Purchase of intangible assets		(207)	(409)
Maturities of / (Investment in) bank deposit, net		(53,080)	(57,495)
Acquisition of subsidiary		-	(10,987)
Proceeds from loan to subsidiary		830	-
Investment in mutual funds		(2,550)	-
Proceeds from sale of mutual funds		2,568	47,203
Interest received		7,253	440
Dividend from Subsidiary		2,500	-
Net cash flows used in investing activities	**(B)**	**(43,509)**	**(34,344)**

Standalone Statement of Cash Flows (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
Financing activities			
Repayment of long-term borrowings		(2,608)	(2,609)
Proceeds from long-term borrowings		-	12,383
(Repayments)/ Proceeds from short-term borrowings (net)		(1,439)	4,721
Proceeds from issue of redeemable non-convertible debentures		8,000	4,500
Repayment of Loan from subsidiary		(900)	900
Payment of principal portion of lease liabilities		(2,161)	(2,004)
Payment of interest portion of lease liabilities		(614)	(544)
Proceeds from issue of equity shares (net of share issue expense)		48,556	-
Dividend paid		(8,604)	(5,715)
Proceeds from exercise of share options		181	147
Payment of contingent consideration		(1,244)	-
Interest paid		(3,346)	(1,533)
Net cash flows from/ (used) in financing activities	**(C)**	**35,821**	**10,246**
Net decrease in cash and cash equivalents	**[(A)+(B)+(C)]**	11,219	(6,919)
Net foreign exchange difference		43	165
Cash and cash equivalents at the beginning of the year		5,966	5,601
Less : Bank overdraft at the beginning of the year		(7,119)	-
Cash and cash equivalents at the end of the year		**10,109**	**(1,153)**
Components of cash and cash equivalents	13		
Balance with banks			
- on current account		3,842	4,313
- in EEFC accounts		4,640	1,653
Deposits with original maturity of less than three months		2,200	-
Less : Bank overdraft		(573)	(7,119)
Total cash and cash equivalents		**10,109**	**(1,153)**
Non-cash investing activities:			
Acquisition of subsidiary / Changes in value of contingent consideration		1,389	2,707
Acquisition of Right-of-use assets	5	2,571	4,318
Summary of material accounting policies	2		

The notes referred to above form an integral part of the Standalone Financial Statements.

As per our report of even date
for **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: 06-05-2024

Ashok Soota
Executive Chairman
DIN : 00145962
Place: Bengaluru, India
Date: 06-05-2024

Venkatraman Narayanan
Managing Director & Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: 06-05-2024

Praveen Darshankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: 06-05-2024

Standalone Statement of Changes in Equity

for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

a) Equity share capital

For the year ended March 31, 2024	No of Shares	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid		
At April 1, 2023	**14,31,88,555**	**2,866**
Issue of shares	54,11,255	106
Exercise of share options - refer note 15 (ii) (1)	7,54,616	15
As at March 31, 2024	**14,93,54,426**	**2,987**

For the year ended March 31, 2023	No of Shares	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid		
At April 1, 2022	**14,26,08,867**	**2,854**
Exercise of share options - refer note 15 (ii) (1)	5,79,688	12
As at March 31, 2023	**14,31,88,555**	**2,866**

b) Other equity

For the year ended March 31, 2024	Reserves and Surplus			Cash flow hedge reserve (Note 17)	Total equity
	Securities premium (Note 17)	Share options outstanding reserve (Note 17)	Retained earnings (Note 17)		
As at April 1, 2023	**41,556**	**266**	**38,240**	**(330)**	**79,732**
Profit for the year	-	-	24,573	-	24,573
Other comprehensive income	-	-	(281)	302	21
Total comprehensive income	**-**	**-**	**24,292**	**302**	**24,594**
Exercise of share option by employees	164	-	-	-	166
Transaction costs, net of recovery or reimbursement of expense on issue of shares	(1,444)	-	-	-	(1,444)
Transferred to retained earnings for options forfeited	-	(6)	6	-	-
Transferred to securities premium for options exercised	144	(144)	-	-	-
On issue of equity shares	49,894	-	-	-	49,894
Dividend - refer note 18	-	-	(8,604)	-	(8,604)
Share-based payments expense - refer note 42	-	47	-	-	47
As at March 31, 2024	**90,314**	**163**	**53,934**	**(28)**	**1,44,383**

Standalone Statement of Changes in Equity (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

c) Other equity

For the year ended March 31, 2024	Reserves and Surplus			Cash flow hedge reserve (Note 17)	Total equity
	Securities premium (Note 17)	Share options outstanding reserve (Note 17)	Retained earnings (Note 17)		
As at April 1, 2022	**41,205**	**385**	**22,388**	**142**	**64,120**
Profit for the year	-	-	21,638	-	21,638
Other comprehensive income	-	-	(94)	(472)	(566)
Total comprehensive income	**-**	**-**	**21,544**	**(472)**	**21,072**
Exercise of share option by employees	135	-	-	-	135
Transaction costs, net of recovery or reimbursement of expense on issue of shares	-	-	-	-	-
Transferred to retained earnings for options forfeited	-	(23)	23	-	-
Transferred to securities premium for options exercised	216	(216)	-	-	-
Dividend - refer note 18	-	-	(5,715)	-	(5,715)
Share-based payments expense - refer note 42	-	120	-	-	120
As at March 31, 2023	**41,556**	**266**	**38,240**	**(330)**	**79,732**

Summary of material accounting policies **2**

The notes referred to above form an integral part of the Standalone Financial Statements.

As per our report of even date
for **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
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Managing Director & Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: 06-05-2024

Praveen Darshankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: 06-05-2024

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

Corporate Information

Happiest Minds Technologies Limited ("the Company") is engaged in next generation IT solutions & services Company, enabling organizations to capture the business benefits of emerging technologies of cloud computing, social media, mobility solutions, business intelligence, analytics, unified communications and internet of things. The Company offers high degree of skills, IPs and domain expertise across a set of focused areas that include Digital Transformation & Enterprise Solutions, Product Engineering, Infrastructure Management, Security, Testing and Consulting. The Company focuses on industries in the Retail/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 Company's Standalone Financial Statements for the year ended March 31, 2024 were approved by Board of Directors on May 6, 2024.

1 Basis of preparation of Standalone Financial Statements

(a) Statement of Compliance

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

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

These Standalone Financial Statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2024.

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

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

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

c) Derivative financial instruments

d) Contingent consideration

(b) Functional currency and presentation currency

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

(c) Use of estimates and judgements

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

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 Standalone Financial Statements.

Judgements:

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

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

Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended March 31, 2024 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 (p) - Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 2 (i) - Impairment of financial assets
- Note 2 (r) - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

(d) Current and non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is treated as current when:

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

All other liabilities are classified as non-current.

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

2 Material accounting policies

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

(a) Revenue recognition

The Company derives revenue primarily from rendering of services and sale of licenses. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company is 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 include reimbursement of out-of-pocket expenses, with corresponding expenses included in cost of revenues.

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

Revenue from rendering of services

The Company 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 Company considers the effect of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customers if any. Revenue is recognized as net of trade and cash discounts. The Company allocates the arrangement consideration to separately identifiable performance obligation deliverables based on their relative stand-alone selling price. In cases where the Company is unable to determine the stand-alone selling price, the Company uses the 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 recognized over the period of time as the related services are performed. Revenue with respect to fixed price contracts where performance obligation is transferred over time are recognized using the percentage of completion method. The Company 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 recognized if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Variable consideration

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

Sale of licenses

Revenue from sale of licenses , where the customer obtains a “right to use” the licenses is recognized at the point in time when the related license is made available to the customer. Revenue from licenses where the customer obtains a “right to access” is recognized over the access period and is included in Revenue from Services. For allocating the transaction price to sale of licenses and related implementation and maintenance services, the Company measures the revenue in respect of each performance obligation of a contract as its relative standalone selling price. In case, where the licenses are required to be substantially customized as part of implementation service, the entire arrangement fee is considered as single performance obligation and revenue is recognized as per input method.

Notes to the Standalone Financial Statements for the year ended March 31, 2024
(All amounts in ₹ Lakhs, unless otherwise stated)

Revenue for supply of third party products or services are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognizes revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Contract balances

Contract assets: The Company classifies its right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset where the right to consideration is unconditional 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.

Further, the Company recognizes contract assets towards costs of obtaining a contract with customers if it is expected to recover the costs. Such contract assets is classified as "other current assets."

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

Interest income

Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the 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 amortized cost, interest income is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the Statement of profit and loss.

Dividend income

Dividend income on investments is accounted for 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

The Company accounts for its business combinations under acquisition method of accounting. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value. Acquisition-related costs are expensed as incurred and included in other expenses.

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

Notes to the Standalone Financial Statements for the year ended March 31, 2024
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However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share – based payments arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal Company's) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined based on the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

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

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

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

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

(c) Property, plant and equipment

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

Property, plant and equipment are stated at historical cost less accumulated depreciation, and accumulated impairment loss, if any. Historical cost comprises of the purchase price including duties and non-refundable taxes, borrowing cost if capitalization 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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are recognized in the Statement of Profit and Loss during the reporting period when they are incurred.

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

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

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

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

Class of asset	Useful life as per schedule II	Useful life as per Company
Furniture and fixtures	10 years	5 years
Office equipment (including solar panels)	5 years - 15 years	4 years-15 years
Buildings	60 years	50 years
Computer systems	6 years for servers 3 years for other than servers	2.5-3 years

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

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

(d) Intangible assets

Goodwill

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

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

Other intangible assets

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

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

Amortisation methods and periods

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

Asset	Life in Years
Computer software	2.5-3 years

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

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

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

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

(e) Impairment of non-financial assets

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

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

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

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation surplus taken to other comprehensive income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

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

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

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

Company as lessee

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

Right-of-use assets

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

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

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

Lease liabilities

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

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

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Short-term leases and leases of low-value assets

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

Lease and non-lease component

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

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

Extension and termination option

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

(h) Investment in subsidiary

The Company recognizes its investments in subsidiary and associate companies at cost less accumulated impairment loss, if any. Cost represents amount paid for acquisition of the said investments. The details of such investment are given in note 6. Refer to the accounting policies in note 2(e) for policy on impairment of non-financial asset.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

(i) Financial Instruments

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

Non-derivative financial instruments :

a) Financial assets

Initial recognition and measurement

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

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

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (OCI), it needs to give rise to cash flows that are 'solely payments of 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.

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

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 13.

Debt instrument at Fair Value Through Other Comprehensive income (FVTOCI)

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

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

b) The asset's contractual cash flows represent 'solely payments of 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 Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the Effective Interest Rate (EIR) method.

Debt instrument at Fair Value Through Profit and Loss (FVTPL)

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

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

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Equity investments

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

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

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

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

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

Reclassification of financial assets

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

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Impairment of financial assets

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

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

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

The Company 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 Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

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

b) Financial Liabilities :

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payables, as appropriate.

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts. The subsequent measurement of financial liabilities depends on their classification, which is described below.

Subsequent measurement

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

Financial liabilities at fair value through profit and loss (FVTPL)

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

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

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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/ loss are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss. The Company has not designated any financial liability as at fair value through profit or loss.

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 through the EIR amortisation process.

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

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

Derecognition

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

d) Offsetting of financial instruments

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

Derivative financial instruments and hedge accounting:

Initial recognition and subsequent measurement :

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

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

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

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

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

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

Cash flow hedges

The Company designates certain foreign exchange forward and 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.

(j) Fair value measurement

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

(k) Cash and cash equivalents

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

(l) Foreign currency translation

(i) Functional and presentation currency:

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

(ii) Transactions and balances:

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

(m) Employee Benefits

Short-term obligations

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

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

Other long-term employee benefit obligations

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

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

Post-employment obligations

The company operates the following post-employment schemes:

(a) defined benefit plans - gratuity, and

(b) defined contribution plans such as provident fund.

Gratuity obligations

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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 Company has no obligation, other than the contribution payable. The Company recognizes contribution payable to these schemes as an expenditure, when an employee renders the related service.

(n) Employee share based payments

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

Equity-settled transactions:

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

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

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

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

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

(o) Exceptional items

Exceptional items are income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Group and, therefore, are not expected to recur frequently or regularly. In accordance with the requirements of Guidance Note on Schedule III to the Companies Act 2023, exceptional items are disclosed on the face of the Statement of Profit and Loss and details of the individual items are disclosed in the Notes.

(p) 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

Current income tax

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

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

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

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

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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

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

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

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

(q) Treasury shares

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

No gain or loss is recognised in Statement of Profit and Loss on the issue or cancellation of the Company's own equity instruments.

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

Share options exercised during the reporting period are issued from treasury shares.

(r) Provisions and Contingent Liabilities

Provisions

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

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

Provision for warranty

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

Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses it in the Standalone Financial Statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

(s) Segment reporting

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

(t) Earnings/(Loss) per share

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

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

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

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

(u) Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

(v) The Ministry of Corporate Affairs (MCA) had issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2023 on 31st March, 2023 amending the following Ind AS, which are effective for annual periods beginning on or after 1 April 2023 :

- Ind AS 1, 'Presentation of Financial Statements' - This amendment requires companies to disclose their material accounting policies rather than their significant accounting policies. Consequently, the Company has disclosed material accounting policies. There is no impact on the standalone financial statements.

- 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 amendments clarify how companies account for deferred tax on transactions such as leases. The Company previously recognised for deferred tax on leases on a net basis. Pursuant to the aforementioned amendment, the Company has grossed-up the deferred tax assets and deferred tax liabilities recognised in relation to leases w.e.f. 1st April, 2022. However, there is no impact on the net deferred tax liabilities in the Standalone Balance Sheet

(w) Critical estimates and judgements

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

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

Significant judgements 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) Impairment of Investment in subsidiary

The Company has investment in subsidiary which have been tested for impairment as at the year end. Estimates involved in this assessment are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on these subsidiaries that are believed to be reasonable under the circumstances.

(c) Revenue recognition

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

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

(d) 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) 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. Refer note 11.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

3 Property, plant and equipment

	Land	Building	Computer Systems	Office equipments	Furniture and fixtures	Leasehold improvements	Total	Capital work-in-progress
Cost or valuation								
As at April 1, 2022	**-**	**-**	**265**	**144**	**25**	**71**	**505**	**-**
Additions	4,423	8,354	164	121	43	159	13,264	185
Transfers from CWIP	-	-					-	-
Disposals	-	-	(48)	-	(1)		(49)	-
As at March 31, 2023	**4,423**	**8,354**	**381**	**265**	**67**	**230**	**13,720**	**185**
Additions	-	-	188	103	3	-	294	529
Transfers from CWIP	-	132	169	183	133	88	705	(705)
Disposals	-	-	(16)	-	-	-	(16)	-
As at March 31, 2024	**4,423**	**8,486**	**722**	**551**	**203**	**318**	**14,703**	**9**
Accumulated depreciation								
As at April 1, 2022	**-**	**-**	**229**	**115**	**25**	**59**	**428**	**-**
Charge for the year	-	119	62	21	5	23	230	-
Disposals	-	-	(48)	-	(1)		(49)	-
As at March 31, 2023	**-**	**119**	**243**	**136**	**29**	**82**	**609**	**-**
Charge for the year	-	168	142	53	21	39	423	-
Disposals	-	-	(16)	-	-	-	(16)	-
As at March 31, 2024	**-**	**287**	**369**	**189**	**50**	**121**	**1,016**	**-**
Net book value								
As at March 31, 2023	**4,423**	**8,235**	**138**	**129**	**38**	**148**	**13,111**	**185**
As at March 31, 2024	**4,423**	**8,199**	**353**	**362**	**153**	**197**	**13,687**	**9**

Note:

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

(ii) All property, plant and equipment are owned by the Company unless otherwise stated.

(iii) There are no proceeding initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

Capital work-in-progress (CWIP) Ageing

As at March 31, 2024

	Amount in CWIP for a period				Total
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
Projects in progress	9	-	-	-	9
Projects temporarily suspended	-	-	-	-	-
Total	**9**	**-**	**-**	**-**	**9**

As at March 31, 2023

	Amount in CWIP for a period				Total
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
Projects in progress	185	-	-	-	185
Projects temporarily suspended	-	-	-	-	-
Total	**185**	**-**	**-**	**-**	**185**

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

4 Goodwill and other intangible assets

i) Goodwill

	March 31, 2024	March 31, 2023
Cost or valuation		
Deemed cost		
As at April 01	2,498	2,498
As at March 31	**2,498**	**2,498**
Accumulated Impairment		
As at April 01	1,887	1,887
As at March 31	**1,887**	**1,887**
Net book value as at March 31	**611**	**611**

ii) Other intangible assets

	Other intangible assets				Intangible assets under development
	Customer relationships	Non-compete	Computer software	Total	
Cost or valuation					
As at April 1, 2022	**204**	**11**	**601**	**816**	**35**
Additions	-	-	363	363	46
Transfer from intangible assets under development	-	-	-	-	-
As at March 31, 2023	**204**	**11**	**964**	**1,179**	**81**
Additions	-	-	230	230	11
Transfer from intangible assets under development	-	-	36	36	(70)
As at March 31, 2024	**204**	**11**	**1,230**	**1,445**	**22**
Accumulated amortisation					
As at April 1, 2022	**204**	**11**	**330**	**545**	**-**
Charge for the year	-	-	240	240	-
As at March 31, 2023	**204**	**11**	**570**	**785**	**-**
Charge for the year	-	-	348	348	-
As at March 31, 2024	**204**	**11**	**918**	**1,133**	**-**
Net book value					
As at March 31, 2023	**-**	**-**	**394**	**394**	**81**
As at March 31, 2024	**-**	**-**	**312**	**312**	**22**

Intangible Assets under Development (IAUD) Ageing

As at March 31, 2024	Amount in IAUD for a period				Total
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
Projects in progress	17	5	-	-	22
Projects temporarily suspended	-	-	-	-	-
Total	**17**	**5**	**-**	**-**	**22**

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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

Impairment of goodwill

The Goodwill of ₹ 1,887 Lakhs relates to business acquisition of OSS Cube Solutions Limited and ₹ 611 Lakhs relates to the business acquisition of Cupola Technology Private Limited which has been allocated to OSS Cube and Internet of things (IoT) cash generating units (CGUs) respectively. Goodwill related to OSS cube is fully impaired.

Goodwill is tested for impairment on an annual basis by the Company. 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 following table sets out the key assumptions for calculation of value-in-use for these CGUs:

	IoT	
	March 31, 2024	March 31, 2023
Discount rate	19.30%	22.89%
Long term growth rate	4.00%	4.00%
Sales growth	15.00%	10.00%
Carrying value of goodwill	611	611

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

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

5 Right-of-use assets

	Computer systems	Office equipment	Office buildings	Motor vehicles	Total
As at April 1, 2022	**1,578**	**-**	**3,805**	**6**	**5,389**
Additions	1,143	125	2,867	183	4,318
Disposals	-	-	(1,395)	-	(1,395)
Depreciation	(1,186)	(9)	(1,304)	(27)	(2,526)
As at March 31, 2023	**1,535**	**116**	**3,973**	**162**	**5,786**
Additions	1,069	-	1,440	62	2,571
Disposals	-	-	-	-	-
Depreciation	(1,320)	(20)	(1,253)	(66)	(2,659)
As at March 31, 2024	**1,284**	**96**	**4,160**	**158**	**5,698**

The average lease period of the leased assets is 4 years (March 31, 2023: 3.9 years).

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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

	March 31, 2024	March 31, 2023
Rent concession income	-	71
	-	**71**
Interest expense on lease liabilities - refer note 30	614	544
Depreciation of Right-of-use assets - refer note 29	2,659	2,526
Rent expense pertaining to short- term leases - refer note 31	483	307
	3,756	**3,377**

6 Investments

Unquoted, carried at cost less impairment

	March 31, 2024	March 31, 2023
Investment in Subsidiary:		
Investment in Equity shares of Happiest Minds Inc. (formerly known as PGS Inc.)	6,025	6,025
1,00,000 (March 31, 2023 : 1,00,000) equity shares of face value of $1 each, fully paid		
Investment in Equity shares of Sri Mookambika Infosolutions Private Limited	13,694	13,694
10,000 (March 31, 2023 : 10,000) equity shares of face value of ₹ 100 each, fully paid		
	19,719	**19,719**
Less: Impairment in value of investment	-	-
	19,719	**19,719**
Aggregate amount of quoted investment and market value thereof	-	-
Aggregate amount of unquoted investment	19,719	19,719
Aggregate amount of impairment in the value of investments	-	-

Note : Investment in subsidiaries includes principal place of business and proportion of ownership interest:

Name of entity	Nature	Country of incorporation	Ownership interest held by Company in %	
			March 31, 2024	March 31, 2023
Happiest Minds Inc. (formerly known as PGS Inc.)	Subsidiary	USA	100	100
Sri Mookambika Infosolutions Private Limited	Subsidiary	India	100	100

7 Loans

Carried at amortised cost

	March 31, 2024	March 31, 2023
Non-current		
Loans considered good - Unsecured		
Loans to Subsidiary - refer note 39	-	2,465
	-	**2,465**
Current		
Loans considered good - Unsecured		
Loans to Subsidiary - refer note 39	1,668	-
Loans to employees	16	64
	1,684	**64**

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

8 Other financial assets

	March 31, 2024	March 31, 2023
(a) Other financial assets carried at amortised cost		
(unsecured, considered good, unless otherwise stated)		
Non-current		
Fixed deposit with maturity of more than 12 months	11	7,131
Margin money deposits - refer note (i) below	1,688	1,720
Security deposit	751	498
	2,450	**9,349**
(i) Margin money deposit is used to secure:		
Term loan - Federal bank	914	952
Guarantees given	774	768
Current		
Interest accrued on fixed deposit	1,618	900
Unbilled revenue #	11,064	10,311
Security deposit	111	186
Interest accrued on loan to subsidiary - refer note 39	193	162
Other receivables	422	44
	13,408	**11,603**
Security deposit - credit impaired	1	1
Less: Allowance for credit impaired loans	(1)	(1)
Less: loss allowance on unbilled revenue	(227)	(231)
	13,181	**11,372**

Classified as financial asset as right to consideration is unconditional and is due only after a passage of time. Includes ₹ 64 Lakhs (March 31, 2023 : ₹ 71 Lakhs) from related party. Refer note 39

	March 31, 2024	March 31, 2023
(b) Derivative instruments carried at fair value through OCI		
Designated as Cash flow hedges		
Foreign currency forward contracts - refer note 37 (B)	111	166
Cross currency interest rate swap - refer note 37 (B)	319	363
	430	**529**
Total other current financial assets	**13,611**	**11,901**

9 Income tax assets (net)

	March 31, 2024	March 31, 2023
Non - current		
Income tax assets (net)	1,330	1,196
	1,330	**1,196**

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

10 Other assets

	March 31, 2024	March 31, 2023
Non - current		
Prepaid expenses	32	93
	32	**93**
Current		
Prepaid expenses	2,027	1,698
Balances with statutory / government authorities	387	308
Advance to employees against expenses	165	160
Advance to suppliers - refer note 39	445	145
Other advances	-	407
Contract assets	1,437	1,462
	4,461	**4,180**
Less: loss allowance on contract assets	(26)	(33)
	4,435	**4,147**

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

11 Deferred tax assets (net)

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

	March 31, 2024	March 31, 2023
Deferred tax assets (net)	1,636	1,246
	1,636	**1,246**

Significant components and movement in deferred tax assets and liabilities during the year ended March 31, 2024 :

	April 1, 2023	Recognised in profit or loss [charge/(credit)]	Recognised in Other comprehensive income [charge/(credit)]	March 31, 2024
Mutual funds	-	-	-	-
Goodwill	(154)	-	-	(154)
Property, plant and equipment and intangible assets	(22)	(210)	-	(232)
Derivative assets	111	-	(101)	10
Loss allowance on trade receivables	132	85	-	217
Lease liability and right-of-use assets	212	117	-	329
Provision for gratuity and leave encashment	735	102	95	932
Employee related liabilities	-	308	-	308
Others	232	(6)	-	227
Deferred tax assets (net)	**1,246**	**397**	**(6)**	**1,636**

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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

	April 1, 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
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
Deferred tax assets (net)	**697**	**359**	**190**	**1,246**

12 Trade receivables

Carried at amortised cost

	March 31, 2024	March 31, 2023
Current		
Trade receivables - others	20,899	18,063
Trade receivables - related party- Refer note 39	2,297	1,822
Total trade receivables	**23,196**	**19,885**
Break-up for security details		
Unsecured, considered good	24,055	20,409
	24,055	**20,409**
Impairment allowance		
Unsecured, considered good	(859)	-524
Trade receivables net of impairment	**23,196**	**19,885**

Trade receivables Ageing Schedule:

As at March 31, 2024	Outstanding for the following periods from the due date of payment						Total
	Current but not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables - considered good	17,038	6,311	61	-	-	-	23,410
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	45	143	232	216	9	645
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Total	**17,038**	**6,356**	**204**	**232**	**216**	**9**	**24,055**
Less: Impairment allowance	- -	-		-	-	-	(859)
Total							**23,196**

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables - considered good	13,962	5,815	312	291	14	15	20,409
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Total	**13,962**	**5,815**	**312**	**291**	**14**	**15**	**20,409**
Less: Impairment allowance	- -	-		-	-	-	(524)
Total							**19,885**

(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 39

(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 39

(iv) For unbilled revenue refer note 8

13 Cash and cash equivalents

	March 31, 2024	March 31, 2023
Balances with banks:		
- in current accounts	3,842	4,313
- in EEFC accounts	4,640	1,653
Deposits with original maturity of less than three months - refer note below	2,200	-
	10,682	**5,966**

Note:

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

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

14 Bank and bank balance other than cash and cash equivalents

	March 31, 2024	March 31, 2023
Fixed deposit	1,10,748	45,432
Margin money deposits - refer note (i) below	10,900	15,997
Balances with bank in unpaid dividend account	25	12
	1,21,673	**61,441**
(i) Margin money deposit is used to secure:		
Working capital facility and bank overdrafts	10,900	15,200
Term loan - Federal bank	-	790
Guarantees given	-	7

15 Share Capital

Equity share capital

i) Authorised share capital

	Numbers	Amount
Equity share capital of ₹ 2 each		
As at April 1, 2022	**22,93,00,000**	**4,586**
Increase during the year	-	-
As at March 31, 2023	**22,93,00,000**	**4,586**
Increase during the year	-	-
As at March 31, 2024	**22,93,00,000**	**4,586**

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

	Numbers	Amount
Equity share capital of ₹ 2 each, fully paid up		
As at April 1, 2022	**14,26,08,867**	**2,854**
Exercise of share options - refer note (1) below	5,79,688	12
As at March 31, 2023	**14,31,88,555**	**2,866**
Issue of shares - refer note (3) below	54,11,255	106
Exercise of share options - refer note (1) below	7,54,616	15
As at March 31, 2024	**14,93,54,426**	**2,987**

(1) During the year ended March 31, 2024, Employee Stock Option Trust (ESOP trust) issued 7,54,616 (March 31, 2023 - 5,79,688) equity shares to the employees upon exercise of employee stock options.

(2) The outstanding equity shares as at April 01, 2022, March 31, 2023 and March 31, 2024 are presented net of treasury shares.

(3) The Company raised capital of ₹ 50,000 Lakhs through Qualified Institutions Placement ("QIP") of equity shares. The Fund-Raising Committee of the Board of Directors of the Company, at its meeting held on July 14, 2023, approved the allotment of 54,11,255 equity shares of face value ₹ 2 each to eligible investors at a price ₹ 924 per equity share (including a premium of ₹ 922 per equity share).

(iii) Terms/ rights attached to equity shares

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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

	March 31, 2024		March 31, 2023	
	No of Shares	Holding percentage	No of Shares	Holding percentage
Equity shares of ₹ 2 each fully paid				
Mr. Ashok Soota (Promoter)	5,83,82,277	39.09%	6,00,75,393	41.96%
Ashok Soota Medical Research LLP	1,79,48,784	12.02%	1,79,48,784	12.54%

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

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

(vi) Details of shares held by promoters

As at March 31, 2024	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	6,00,75,393	(16,93,116)	5,83,82,277	39.09%	-2.82%
Equity shares of ₹ 2 each fully paid	Ashok Soota Medical Research LLP	1,79,48,784	-	1,79,48,784	12.02%	0.00%

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%

16 Instrument entirely in the nature of equity

i) Authorised share capital

	Numbers	Amount
Series A 14% Non Cumulative Compulsorily Convertible Preference shares of ₹ 652 each		
As at April 1, 2022	**2,00,000**	**1,304**
Decrease during the year - refer note below	-	-
As at March 31, 2023	**2,00,000**	**1,304**
Change during the year	-	-
As at March 31, 2024	**2,00,000**	**1,304**

(ii) Terms/ rights attached to convertible preference shares

Each holder of CCPS is entitled to receive a preferential non-cumulative dividend at 14% per annum on the par value of each share if declared by the Board of directors. Holders of CCPS shall receive preferential dividend in preference

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

to dividend payable on equity shares and shall not participate in any further dividends declared on Equity Shares. Preference shareholders are also entitled to vote in the shareholders meeting.

Holders of CCPS are entitled to participate in the surplus proceeds (which is subject to a limit of two times the amount invested) from the liquidation event, if any, on a pro-rata basis along with all other holders of equity shares on a fully diluted basis.

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

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

1. On expiry of the conversion period.
2. Later of (a) Date of filing Red herring prospectus with SEBI (b) Such other date as may be permitted by law in connection with Qualified IPO.
3. Upon the holders of a majority of the investors shares exercising the conversion right with respect to preference shares held by them.

(iii) Treasury shares

	No of shares
As at April 1, 2022	**42,54,689**
Issue for cash on exercise of share options	(5,79,688)
As at March 31, 2023	**36,75,001**
Issue for cash on exercise of share options	(7,54,616)
As at March 31, 2024	**29,20,385**

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

17 Other equity

	March 31, 2024	March 31, 2023
Securities premium account	90,318	41,556
Retained earnings	53,930	38,240
Cash flow hedge reserve	(28)	(330)
Share options outstanding reserve	163	266
	1,44,383	**79,732**
a) Securities premium account		
Opening balance	41,556	41,205
Transaction costs, net of recovery or reimbursement of expense on issue of shares	(1,444)	-
On issue of shares - refer note 15 (ii) (3)	49,894	-
Exercise of share option by employees	164	135
Transferred from ESOP reserve for options exercised	144	216
Transferred from Retained earnings for options exercised	4	-
Closing balance	**90,318**	**41,556**

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

	March 31, 2024	March 31, 2023
b) Retained earnings		
Opening balance	38,240	22,388
Profit for the year	24,573	21,638
Other comprehensive income recognised directly in retained earnings	(281)	(94)
Dividend - refer note 18	(8,604)	(5,715)
Transferred from share option outstanding reserve for options forfeited	6	23
Transferred to securities premium on options exercised	(4)	-
Closing balance	**53,930**	**38,240**
c) Cash flow hedge reserve		
Opening balance	(330)	142
Net movement on effective portion of cash flow hedges - refer note 37 (B)	302	(472)
Closing balance	**(28)**	**(330)**
d) Share options outstanding reserve		
Opening balance	266	385
Employee compensation expense for the year - refer note 42	47	120
Transferred to retained earnings for options forfeited	(6)	(23)
Transferred to securities premium for options exercised	(144)	(216)
Closing balance	**163**	**266**

(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 years and current year's undistributed earnings/accumulated losses after tax.

c) Cash flow hedge reserve :

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

d) Share options outstanding reserve :

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

18 Distribution made

	March 31, 2024	March 31, 2023
Dividends on equity shares declared and paid :		
Final dividend paid for the year ended on March 31, 2023 : ₹ 3.4/- per share (March 31, 2022 : ₹ 2/- per share)	4,879	2,856
Interim dividend for the year ended on March 31, 2024 : ₹ 2.5/- per share (March 31, 2023 : ₹ 2/- per share)	3,725	2,859
	8,604	**5,715**

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

19 Borrowings

Carried at amortised cost

	March 31, 2024	March 31, 2023
Non current		
Secured		
Term loan from bank		
Foreign currency term loan - refer note (a) below	-	1,870
Rupee term loan - refer note (b) below	11,278	11,986
	11,278	**13,856**
Less: Current maturities of foreign currency term loan	-	(1,870)
Less: Current maturities of rupee term loan	(833)	(708)
Total non-current borrowings	**10,445**	**11,278**
Current		
Secured		
Loans from banks		
Foreign currency loan (PCFC) - refer note (d)	19,886	18,980
Bank overdraft - refer note (f)	573	7,119
Unsecured		
Loans from banks		
Foreign currency loan (PCFC) - refer note (d)	-	2,300
Redeemable non-convertible debentures - refer note (c)	12,500	4,500
Loan from subsidiary - Sri Mookambika Infosolutions Private Limited	-	900
Current maturities of term loans		
Foreign currency term loan from bank - refer note (a)	-	1,870
Rupee term loan from bank - refer note (b)	833	708
Total current borrowings	**33,792**	**36,377**

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, 2023 : 3.2% per annum). The loan is repayable in 36 equal monthly instalments commencing from February 28, 2021 and will mature on Jan 29, 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.). The loan has been repaid in full during current financial year

(b) Rupee term loan of ₹ 12,430 Lakhs from Federal bank carries an effective interest rate of 7.9% per annum (March 31, 2023 : 7.9%). 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 building -SJR Equinox, including the land comprised therein, situated at Electronic City, Bengaluru. The loan is secured by way of exclusive charge on such land and building together with all the fixtures in the building along with lien on fixed deposits equivalent to three months equated monthly instalments (refer note 8).

The Company has entered into an Cross currency interest rate swap with respect to aforementioned loan over the tenure, which has resulted in an effective interest rate of 4.21% per annum.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

(c) 4,500 rated, listed, negotiable, unsecured, redeemable non-convertible debentures (NCDs) aggregating to ₹ 4,500 Lakhs were issued during FY 22-23 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 has been utilised for general corporate purpose. The investor and the issuer has put and call option respectively, for the redemption of debenture at face value on the coupon payment date falling at the expiry of one year or two years from the deemed date of allotment. Consequently, the NCDs are classified as current borrowings.

During the year, the company has issued 4,500 and 3,500 rated, listed, negotiable, unsecured, redeemable non-convertible debentures (NCDs) aggregating to ₹ 8,000 Lakhs 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 respective allotment. NCDs were allotted on 8th May, 2023 and 26th September, 2023 respectively and will mature on 8th May, 2026 and 26th September 2026 respectively. The proceeds from NCDs has been utilised for general corporate purpose. The investor and the issuer has put and call option respectively, 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. Consequently, the NCDs are classified as current borrowings.

(d) PCFC loan taken from Kotak Mahindra carries an interest rate ranging 5.85% to 6.14% p.a. (March 31, 2023 - 4.91% to 5.51% p.a) and is repayable within 90-120 days.

PCFC loan taken from RBL bank carries an interest rate ranging 6.15% to 6.24% p.a. (March 31, 2023 - 5.68% to 5.88% p.a.) and is repayable within 90-120 days.

PCFC loan taken from Federal bank carries an interest rate of 6.16% p.a. (March 31, 2023 - 5.55% to 5.66% p.a.) and is repayable within 90-120 days.

PCFC loan taken from ICICI bank carries an interest rate of 4.76% to 6.16% p.a. (March 31, 2023 - 5.89% to 5.96% p.a.) and is repayable within 90-120 days.

PCFC loan taken from Axis bank carries an interest rate of 6.16% p.a. (March 31, 2023 - 5.89% to 5.96% p.a.) and is repayable within 90-180 days.

PCFC loan taken from Citibank carries an interest rate of 6.15% to 6.18% p.a. (March 31, 2023 - nil) and is repayable within 90-120 days.

All PCFCs are fully secured by way of pari-passu charge on current assets of the Company.

(e) PCFC loan taken in previous year from Axis bank was unsecured and carried an interest rate of 5.98% p.a and was repayable within 90 days.

(f) Overdraft facility from SBI bank amount to ₹ 9,500 Lakhs (March 31, 2023 - ₹ 15,000 Lakhs) carries an interest rate of 8.50% p.a. (March 31, 2023 - 7.95% p.a) and is repayable on demand. Amount utilised as at March 31, 2024 is 573 Lakhs (March 31, 2023 - ₹ 7,119 Lakhs). Overdraft facility is fully secured by the way of lien on fixed deposit of ₹ 10,700 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. Monthly statement of book debts filed by the Company with banks in respect of the PCFC facilities, are in agreement with the books of accounts.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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

	Non-current borrowings #	Current borrowings ##
As at April 01, 2022	**3,793**	**15,271**
Financing cash flows (net)	9,774	10,121
Non cash movements:		
Amortisation of transaction cost	18	-
Foreign exchange difference	271	1,288
As at March 31, 2023	**13,856**	**26,680**
Financing cash flows (net)	(2,608)	5,661
Non cash movements:		
Amortisation of transaction cost	17	-
Foreign exchange difference	13	45
As at March 31, 2024	**11,278**	**32,386**

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

Current borrowing movement doesn't include bank overdraft which forms part of cash and cash equivalent for the purpose of Cash flow statement.

20 Lease liabilities

Carried at amortised cost

	March 31, 2024	March 31, 2023
Non current		
Lease liabilities	6,982	6,620
	6,982	**6,620**
Less: Current maturities of lease liabilities	(2,412)	(1,859)
Total non-current lease liabilities	**4,570**	**4,761**
Current		
Lease liabilities	2,412	1,859
Total current lease liabilities	**2,412**	**1,859**

(i) **Movement in lease liabilities for year ended March 31, 2024 and March 31, 2023:**

	March 31, 2024	March 31, 2023
Balance at beginning of the year	6,620	5,911
Additions	2,523	4,209
Finance cost incurred during the period - refer note 30	614	544
Disposal	-	(1,431)
Payment of lease liabilities	(2,775)	(2,548)
Rent concession - refer note 27	-	(71)
Exchange difference	-	6
Balance at the end of the year	**6,982**	**6,620**

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

(ii) **The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2024 and March 31, 2023**

	March 31, 2024	March 31, 2023
Less than one year	2,925	2,364
one to five years	5,074	5,374
more than five years	-	-

(iii) The Company had total cash outflow of ₹ 2,775 Lakhs during the year ended March 31, 2024 (March 31, 2023 - ₹ 2,548 Lakhs) for leases recognized in balance sheet. The Company has made a non-cash addition to lease liabilities of ₹ 2,523 Lakhs during the year ended March 31, 2023 (March 31, 2024 - ₹ 4,209 Lakhs).

21 Other financial liabilities

	March 31, 2024	March 31, 2023
Non-current		
Carried at fair value through profit or loss		
Contingent consideration - refer note 36 (iv) and 36 (v)	-	1,292
	-	**1,292**
Carried at fair value through other comprehensive income		
Cash flow hedges		
Cross currency interest rate swap - refer note 37 (B)	401	704
	401	**704**
Total non - current financial liabilities	**401**	**1,996**
Current		
Carried at amortised cost		
Employee related liabilities	3,873	3,598
Unpaid dividend	26	13
Capital creditors	303	386
Accrued interest payable#	92	10
	4,294	**4,007**
Carried at fair value through profit or loss		
Contingent consideration - refer note 36 (iv) and 36 (v)	1,389	1,316
	1,389	**1,316**
Carried at fair value through other comprehensive income		
Cash flow hedges		
Foreign currency forward contracts - refer note 37 (B)	68	267
	68	**267**
Total other current financial liabilities	**5,751**	**5,590**

Includes ₹ 4 Lakhs (March 31, 2023 : ₹ 4 Lakhs) payable to related party. Refer note 39

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

22 Provisions

	March 31, 2024	March 31, 2023
Non-current		
Provision for gratuity - refer note 35	2,988	2,179
	2,988	**2,179**
Current		
Provision for compensated absences - refer note 35	2,080	1,728
Other provisions		
Provision for warranty	10	29
	2,090	**1,757**

Movement during the year - Provision for warranty	
Balance as at April 01, 2022	**26**
Arising during the year	-
Utilised/ reversed during the year	-
Exchange (gain)/ loss	3
Balance as at March 31, 2023	**29**
Arising during the year	1
Utilised/ reversed during the year	(20)
Exchange (gain)/ loss	-
Balance as at March 31, 2024	**10**

23 Contract liabilities

	March 31, 2024	March 31, 2023
Unearned revenue - refer note (i) below	1,417	759
	1,417	**759**

(i) The Company has rendered the service and have recognised the revenue of ₹ 566 Lakhs (March 31, 2023: ₹ 972 Lakhs) during the year from the unearned revenue balance at the beginning of the year.

24 Trade payables

Carried at amortised cost

	March 31, 2024	March 31, 2023
Total outstanding dues of Micro enterprises and Small enterprises	165	83
Total outstanding dues of creditors other than Micro enterprises and Small enterprises	6,715	6,160
	6,880	**6,243**

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

Trade payables Ageing Schedule

As at March 31, 2024	Outstanding for the following periods from the due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	165	-	-	-	165
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,009	5	-	2	1,016
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Provision for expenses	-	-	-	-	5,699
	1,174	**5**	**-**	**2**	**6,880**

As at March 31, 2023	Outstanding for the following periods from the due date of payment				Total
	Less than 1 year	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	758	-	12	-	770
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Provision for expenses	-	-	-	-	5,390
	841	**-**	**12**	**-**	**6,243**

Terms and conditions of above trade payables:

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

(ii) For explanation of company's liquidity risk - refer note 37 (D)

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

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

Particulars	March 31, 2024	March 31, 2023
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	165	83
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 Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2024	March 31, 2023
(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

25 Other liabilities

	March 31, 2024	March 31, 2023
Current		
Statutory dues payable	2,648	2,118
Other payables	23	125
	2,671	**2,243**

26 Revenue from contract with customers

	For the year ended	
	March 31, 2024	March 31, 2023
Revenue from service	1,47,196	1,33,064
Revenue from license (net)	287	324
Gross revenue from operations	**1,47,483**	**1,33,388**
Less : cash discounts	(195)	(133)
Net revenue from operations	**1,47,288**	**1,33,255**
Revenue from service	1,47,001	1,32,931
Revenue from license (net)	287	324
	1,47,288	**1,33,255**

26.1 Disaggregated revenue information

Segment	For the year ended March 31, 2024			
	Infrastructure Management & Security Services	Digital Business Services	Product Engineering Services	Total
Revenue from contract with customers	29,615	41,584	76,089	1,47,288
Total revenue from contracts with customers	**29,615**	**41,584**	**76,089**	**1,47,288**
India	8,188	6,211	12,225	26,624
Outside India	21,427	35,373	63,864	1,20,664
Total revenue from contracts with customers	**29,615**	**41,584**	**76,089**	**1,47,288**
Timing of revenue recognition				
Licenses transferred at a point in time	287	-	-	287
Fixed price project - services transferred over time	14,090	15,551	7,464	37,105
Time and material - services transferred over time	15,238	26,033	68,625	1,09,896
Total revenue from contracts with customers	**29,615**	**41,584**	**76,089**	**1,47,288**

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

Segment	For the year ended March 31, 2023			
	Infrastructure Management & Security Services	Digital Business Services	Product Engineering Services	Total
Revenue from contract with customers	30,183	35,961	67,111	1,33,255
Total revenue from contracts with customers	**30,183**	**35,961**	**67,111**	**1,33,255**
India	10,941	4,927	7,168	23,036
Outside India	19,242	31,034	59,943	1,10,219
Total revenue from contracts with customers	**30,183**	**35,961**	**67,111**	**1,33,255**
Timing of revenue recognition				
Licenses transferred at a point in time	316	1	7	324
Fixed price project - services transferred over time	13,712	15,431	3,940	33,083
Time and material - services transferred over time	16,155	20,529	63,164	99,848
Total revenue from contracts with customers	**30,183**	**35,961**	**67,111**	**1,33,255**

26.2 Contract balances

	March 31, 2024	March 31, 2023
Trade receivables	23,196	19,885
Unbilled revenue	10,837	10,080
Contract assets	1,411	1,429
Contract liability	1,417	759

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

	March 31, 2024	March 31, 2023
Revenue as per contract price	1,48,246	1,33,723
Discount	(958)	(468)
Revenue from contract with customers	**1,47,288**	**1,33,255**

26.4 The Company has applied practical expedient as given in Ind AS 115 for not disclosing the remaining performance obligation for contracts that have original expected duration of one year or lesser. The Company has fixed price contracts for a period of more than one year, the remaining performance obligation for these contracts is ₹ 818 Lakhs (March 31, 2023: ₹ 4,953 Lakhs). The revenue for remaining performance obligation is expected to be recognised over period of 1-3 years (March 31, 2023: 1-3 years).

27 Other income

	For the year ended	
	March 31, 2024	March 31, 2023
Interest income on:		
Deposits with bank	7,883	2,557
Loan to subsidiary - refer note 39	119	126
Financial instrument measured at amortised cost	34	42
	8,036	**2,725**

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

	For the year ended	
	March 31, 2024	March 31, 2023
Gain on sale of investments measured at FVTPL	18	803
Exchange gain/ (loss)	475	(1,423)
Rent concession	-	71
Dividend received from subsidiary - refer note 39	2,500	-
Miscellaneous income	97	58
	3,090	**(491)**
	11,126	**2,234**

28 Employee benefits expense

	For the year ended	
	March 31, 2024	March 31, 2023
Salaries, wages and bonus	87,890	73,043
Contribution to provident and other funds	4,551	3,738
Employee stock compensation expense - refer note 42	47	120
Gratuity expense - refer note 35	778	552
Compensated absences	988	835
Staff welfare expenses	518	402
	94,772	**78,690**

29 Depreciation and amortisation expense

	For the year ended	
	March 31, 2024	March 31, 2023
Depreciation of property, plant and equipment - refer note 3	423	230
Amortisation of intangible assets - refer note 4	348	240
Depreciation of right-of-use assets - refer note 5	2,659	2,526
	3,430	**2,996**

30 Finance costs

	For the year ended	
	March 31, 2024	March 31, 2023
Interest expense on:		
Borrowings	2,460	1,547
Non convertible debenture	948	10
Loan from Subsidiary - refer note 39	37	4
Lease liabilities- refer note 20	614	544
Unwinding of interest in contingent consideration - refer note 36 (v)	168	45
	4,227	**2,150**

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

31 Other expenses

	For the year ended	
	March 31, 2024	March 31, 2023
Power and fuel	549	435
Subcontractor charges	10,044	11,645
Repairs and maintenance		
- Buildings	332	185
- Equipments	63	45
- Others	476	353
Rent expenses - refer note (ii) below	483	307
Advertising and business promotion expenses	509	385
Commission	(40)	34
Communication costs	252	227
Insurance	138	106
Legal and professional fees	988	525
Audit fees - refer note (i) below	100	88
Software license cost	4,629	3,838
Rates and taxes	62	43
Recruitment charges	782	908
Sitting fees to non-executive directors - refer note 39	70	43
Commission to non-executive directors - refer note 39	25	37
Corporate social responsibility ('CSR') expenditure - refer note 40	450	333
Impairment loss allowance on trade and unbilled receivables	433	-
Travelling and conveyance	2,704	2,352
Postage and courier	39	85
Training expense	412	379
Miscellaneous expenses	132	132
	23,632	**22,485**

(i) Payment to auditors:

	For the year ended	
	March 31, 2024	March 31, 2023
As auditor:		
Audit fee	95	85
In other capacity		
Certification fees (includes ₹ 200 Lakhs towards issue of shares in the current year debited to securities premium)	205	-
Reimbursement of expenses	2	3
	302	**88**

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

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

32 Exceptional Items

	For the year ended	
	March 31, 2024	March 31, 2023
Gain on derecognition of contingent consideration	143	-
	143	**-**

On January 1, 2023, the Company obtained operational and management control of Sri Mookambika Infosolutions Private Limited ('SMI'), a Madurai based Company which provides IT services, through a Control Agreement. The Company 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 payable over the next 2 years subject to achievement of set targets.The Company paid the cash consideration of ₹ 11,132 Lakhs on February 6, 2023 and the shares were transferred on the same day.

The contingent consideration was classified as a financial liability as per Ind AS 109 'Financial Instruments' and was measured at fair value. The Accounting Standard mandates that any subsequent changes in such fair value will have to be recognized in the statement of profit and loss. The total consideration for acquisition of SMI includes a contingent consideration payable over a period of 2 years ending December 31, 2024. The Group has re-measured the fair value of the liability and the change in fair value of ₹ 143 Lakhs (March 31, 2023: Nil) is recognized as gain on derecognition of contingent consideration in the statement of profit and loss and disclosed as an 'Exceptional Item' for the year ended March 31, 2024.

33 Income tax expense

	For the year ended	
	March 31, 2024	March 31, 2023
a) Statement of profit or loss		
Current tax	8,320	7,889
Deferred tax credit	(397)	(359)
Income tax expense	**7,923**	**7,530**
b) Statement of other comprehensive income		
On net movement on effective portion of cash flow hedges	(101)	159
On re-measurement losses on defined benefit plans	95	31
	(6)	**190**
Reconciliation of tax expense and tax based on accounting profit:		
Profit before income tax expense	32,496	29,168
Tax at the Indian tax rate of 25.17% (March 31, 2022: 25.17%)	8,179	7,342
Tax effect of:		
Expenses not deductible	119	95
Others	(375)	93
Income tax expense	**7,923**	**7,530**

Notes to the Standalone Financial Statements for the year ended March 31, 2024
(All amounts in ₹ Lakhs, unless otherwise stated)

34 Earnings Per Share ['EPS']

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

	For the year ended	
	March 31, 2024	March 31, 2023
Profit after tax attributable to equity holders of the Company (a) (₹ in Lakhs)	24,573	21,638
Weighted average number of shares outstanding during the year for basic EPS (b)	14,84,59,435	14,31,81,324
Weighted average number of shares outstanding during the year for diluted EPS (c)	14,84,69,587	14,42,60,047
Basic earnings per share (in ₹) (a/b)	16.55	15.11
Diluted earnings per share (in ₹) (a/c)	16.55	15.00
Equity share reconciliation for EPS		
Equity share outstanding	14,84,59,435	14,31,81,324
Total considered for basic EPS	**14,84,59,435**	**14,31,81,324**
Add: ESOP options	10,152	10,78,723
Total considered for diluted EPS	**14,84,69,587**	**14,42,60,047**

35 Employee benefits plan

(i) Defined contribution plans - Provident Fund and others

The Company makes contributions for qualifying employees to Provident Fund and other defined contribution plans. During the year, the Company recognised ₹ 4,551 Lakhs (March 31, 2023 : ₹ 3,738 Lakhs) towards defined contribution plans.

(ii) Defined benefit plans (funded):

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

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

Interest risk	A decrease in the bond interest rate will increase the plan liability.
Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities and other debt instruments.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.
Longevity risk	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, 2024	March 31, 2023
Current	-	-
Non-current	2,988	2,179
	2,988	**2,179**

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(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, 2024:

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 1, 2023	**2,887**	**708**	**2,179**
Current service cost	616	-	616
Net interest expense	214	52	162
Total amount recognised in statement of profit and loss	**830**	**52**	**778**
Benefits paid	(324)	(278)	(46)
Remeasurement			
Return on plan assets	-	(3)	3
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	16	-	16
Experience adjustments	358	-	358
Total amount recognised in other comprehensive income	**374**	**(3)**	**377**
Contributions by employer	-	300	(300)
As at March 31, 2024	**3,767**	**779**	**2,988**

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)
As at April 1, 2022	**2,430**	**572**	**1,858**
Current service cost	446	-	446
Net interest expense	138	32	106
Total amount recognised in statement of profit and loss	**584**	**32**	**552**
Benefits paid	(246)	(246)	-
Remeasurement			
Return on plan assets	-	(5)	5
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	(155)	-	(155)
Experience adjustments	274	-	274
Total amount recognised in other comprehensive income	**119**	**(5)**	**124**
Contributions by employer	-	355	(355)
As at March 31, 2023	**2,887**	**708**	**2,179**

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

	March 31, 2024	March 31, 2023
Insurance fund	779	708
Total	**779**	**708**

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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

	March 31, 2024	March 31, 2023
Discount rate	4.60% - 7.29%	7.29%
Expected return on plan assets	7.29%	7.29%
Future salary increases	4% p.a. - 8% p.a	8.00%
Employee turnover	25.00%	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, 2024		March 31, 2023	
		Defined benefit obligation on increase/decrease in assumptions			
		Increase	Decrease	Increase	Decrease
Discount rate	1% increase / decrease	(113)	122	(86)	93
Future salary increase	1% increase / decrease	116	(111)	90	(86)
Attrition rate	1% increase / decrease	(26)	26	(19)	19

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

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

Expected contributions to defined benefits plan for the year ended March 31, 2024 is ₹ 240 Lakhs (March 31, 2023 : ₹ 240 Lakhs). The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 4 years (March 31, 2023: 4 years). The expected maturity analysis of undiscounted gratuity is as follows:

	March 31, 2024	March 31, 2023
Within the next 12 months	809	610
Between 2 and 5 years	2,233	1,736
Between 6 and 10 years	1,285	983
Beyond 10 years	564	443

36 Fair value measurement

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

	March 31, 2024	March 31, 2023
Measured at fair value through other comprehensive income (FVOCI)		
Foreign currency forward contracts	111	166
Cross currency interest rate swap	319	363
Total financial assets measured at FVOCI	**430**	**529**
Measured at fair value through statement of profit and loss (FVTPL)		
Investment in mutual funds	-	-
Total financial assets measured at FVTPL	**-**	**-**

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

	March 31, 2024	March 31, 2023
Measured at amortised cost		
Investment in subsidiary	19,719	19,719
Security deposits	862	684
Loans to employees	16	64
Loans to related parties	1,668	2,465
Other financial assets	14,769	20,037
Trade receivables	23,196	19,885
Bank and bank balance other than cash and cash equivalents	1,21,673	61,441
Cash and cash equivalents	10,682	5,966
Total financial assets measured at amortised cost	**1,92,585**	**1,30,261**
Total financial assets	**1,93,015**	**1,30,790**

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

	March 31, 2024	March 31, 2023
Measured at fair value through statement of profit and loss (FVTPL)		
Contingent consideration	1,389	2,608
Total financial liabilities measured at FVTPL	**1,389**	**2,608**
Measured at fair value through other comprehensive income (FVOCI)		
Foreign currency forward contracts	68	267
Cross currency interest rate swap	401	704
Total financial liabilities measured at FVOCI	**469**	**971**
Measured at amortised cost		
Foreign currency term loan	11,278	13,856
Redeemable non-convertible debentures	12,500	4,500
Foreign currency loan (PCFC)	19,886	21,280
Loan from subsidiary	-	900
Bank Overdraft	573	7,119
Lease liabilities	6,982	6,620
Trade payables	6,880	6,243
Other financial liabilities	4,294	4,007
Total financial liabilities measured at amortised cost	**62,393**	**64,525**
Total financial liabilities	**64,251**	**68,104**

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

iii) Fair value hierarchy

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

	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
	March 31, 2024			
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	111	-	111
Cross currency interest rate swap	-	319	-	319
Measured at fair value through statement of profit and loss (FVTPL)				
Investment in mutual funds	-	-	-	-
Total financial asset measured at fair value	**-**	**430**	**-**	**430**
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	68	-	68
Cross currency interest rate swap	-	401	-	401
Measured at fair value through statement of profit and loss (FVTPL)				
Contingent consideration	-	-	1,389	1,389
Total financial liabilities measured at Fair value	**-**	**469**	**1,389**	**1,858**

	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
	March 31, 2023			
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	166	-	166
Cross currency interest rate swap	-	363	-	363
Measured at fair value through statement of profit and loss (FVTPL)				
Investment in mutual funds	-	-	-	-
Total financial asset measured at fair value	**-**	**529**	**-**	**529**
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	267	-	267
Cross currency interest rate swap	-	704	-	704
Measured at fair value through statement of profit and loss (FVTPL)				
Contingent consideration	-	-	2,608	2,608
Total financial liabilities measured at Fair value	**-**	**971**	**2,608**	**3,579**

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

Notes:

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

a) The fair value of liquid mutual funds is based on the net assets value (NAV) as declared by the fund house.

b) The Company has entered into foreign currency forward contract 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.

c) 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.

d) The Company has valued contingent consideration by using the monte carlo simulation approach.

e) The fair value of remaining financial instruments are determined on transaction date based on discounted cash flows calculated using lending/ borrowing rate. Subsequently, these are carried at amortized cost. 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, 2024		
Contingent consideration	Standard deviation on revenue and EBIDTA growth	5%	Increase and decrease in standard deviation by 1% would decrease and increase contingent consideration by ₹ 45 Lakhs and ₹ 14 Lakhs respectively.
	Discount rate	7.34%	Increase and decrease in discount rate by 1% would decrease and increase contingent consideration by ₹ 1 Lakhs and ₹ 19 Lakhs respectively.

	Level 3 inputs	Weighted range	Sensitivity
	March 31, 2023		
Contingent consideration	Standard deviation on revenue and EBIDTA growth	5%	Increase and decrease in standard deviation by 1% would decrease contingent consideration by ₹ 97 Lakhs and increase contingent consideration by ₹ 9 Lakhs respectively.
	Discount rate	7.34%	Increase and decrease in discount rate by 1% would decrease contingent consideration by ₹ 36 Lakhs and increase contingent consideration by ₹ 35 Lakhs respectively.

v) Reconciliation of Contingent consideration measured at FVTPL

	March 31, 2024	March 31, 2023
As at April 1	**2,608**	**-**
Acquisition of subsidiary	-	2,563
Amount recognised in profit and loss statement - refer note 30	168	45
Gain on derecognition of contingent consideration - refer note 32	(143)	-
Settlement during the year	(1,244)	-
As at March 31	**1,389**	**2,608**

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

37 Financial risk management

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

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

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.

i. Foreign currency risk

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

The Company uses foreign currency forward contract 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 Company reports quarterly to a committee of the board, which monitors foreign exchange risks and policies implemented to manage its foreign exchange exposures.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of 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 Company's exposure in foreign currency at the end of reporting period :

Currency	Particulars	March 31, 2024		March 31, 2023	
		FC	₹	FC	₹
	Financial assets				
USD	Trade receivables	181	15,104	183	14,997
	Loans	22	1,862	32	2,627
	Other financial assets	100	7,638	106	8,683
	Bank accounts	79	6,622	39	3,198
	Net exposure on foreign currency risk (assets)	**374**	**31,226**	**360**	**29,505**
	Financial liability				
	Borrowings	226	18,807	282	23,163
	Trade payables	7	571	30	2,479
	Other financial liabilities	36	2,964	6	502
	Other liabilities	6	496	5	378
	Net exposure on foreign currency risk (liabilities)	**274**	**22,837**	**323**	**26,522**
	Net exposure on foreign currency risk (assets-liabilities)	**101**	**8,389**	**37**	**2,983**

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

Currency	Particulars	March 31, 2024 FC	March 31, 2024 ₹	March 31, 2023 FC	March 31, 2023 ₹
EURO	**Financial assets**				
	Trade receivables	8	696	10	859
	Other financial assets	5	481	7	588
	Bank accounts	2	198	5	468
	Other assets	*	10	*	3
	Net exposure on foreign currency risk (assets)	**15**	**1,384**	**22**	**1,918**
	Financial liability				
	Trade payables	*	*	*	*
	Borrowings	12	1,079	-	-
	Other liabilities	1	54	1	63
	Net exposure on foreign currency risk (liabilities)	**13**	**1,134**	**1**	**63**
	Net exposure on foreign currency risk (assets-liabilities)	**3**	**251**	**21**	**1,855**
GBP	**Financial assets**				
	Trade receivables	6	598	6	598
	Other financial assets	1	155	3	354
	Bank accounts	2	194	2	208
	Other assets	*	32	*	16
	Net exposure on foreign currency risk (assets)	**9**	**979**	**11**	**1,176**
	Financial liability				
	Trade payables	1	68	2	162
	Other financial liabilities	4	439	2	212
	Other liabilities	1	76	1	112
	Net exposure on foreign currency risk (liabilities)	**6**	**583**	**5**	**486**
	Net exposure on foreign currency risk (assets-liabilities)	**3**	**395**	**6**	**690**

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 Company are included in Note 37(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, 2024	March 31, 2023
USD sensitivity		
₹ / USD increases by 5%	419	149
₹ / USD decreases by 5%	(419)	(149)
EURO sensitivity		
₹ / EURO increases by 5%	13	93
₹ / EURO decreases by 5%	(13)	(93)
GBP sensitivity		
₹ / GBP increases by 5%	20	35
₹ / GBP decreases by 5%	(20)	(35)

* 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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 Company's exposure to the risk of changes in market interest rates relates primarily to the Redeemable Non-convertible debentures (NCD)s with floating interest rates. The Company 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 Company. Hence, the sensitivity has not been disclosed.

iii. Price risk

The Company is not exposed to Price risk as at March 31, 2024. During the year ended March 31, 2023, the company exposure to price risk arises for investment in mutual funds held by the company. To manage its price risk arising from investments in mutual funds, the Company diversified its portfolio.

Sensitivity:

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

	Impact on profit before tax	
	March 31, 2024	March 31, 2023
NAV increases by 5%	-	-
NAV decreases by 5%	-	-

B) Impact of Hedge activities

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

	March 31, 2024					
	Maturity	Currency	Notional Amount (Foreign Currency)	Contracted amount in ₹	Line item in the balance sheet	Fair value* gain/(loss)
Cash flow hedge of Foreign currency risk (for highly probable forecast transactions)						
- Foreign currency forward contracts	< 1 year	₹ /USD	575	48,301	Other financial assets/(liabilities)	45
- Foreign currency forward contracts	< 1 year	₹ /EURO	22	2,005	Other financial assets/(liabilities)	(2)
- Cross currency interest rate swaps	<1 year	₹ /USD	10	838	Other financial assets/(liabilities)	
	1-5 year	₹ /USD	78	6,225	Other financial assets/(liabilities)	(82)
	> 5year	₹ /USD	53	4,254	Other financial assets/(liabilities)	

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

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

	March 31, 2024					
	Maturity	Currency	Notional Amount (Foreign Currency)	Contracted amount in ₹	Line item in the balance sheet	Fair value* gain/(loss)
Cash flow hedge of Foreign currency risk (for highly probable forecast transactions)						
- 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)	
	1-5 year	₹ /USD	52	4,167	Other financial assets/(liabilities)	(341)
	> 5year	₹ /USD	90	7,150	Other financial assets/(liabilities)	

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

(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
Balance as at April 01, 2022	**142**	**-**	**142**
Hedge gain/(loss) recognised in OCI	(101)	(341)	(442)
Amount reclassified from OCI to statement of profit and loss	(189)	-	(189)
Income tax effect	73	86	159
Balance as at March 31, 2023	**(75)**	**(255)**	**(330)**
Hedge gain/(loss) recognised in OCI	43	(82)	(39)
Amount reclassified from OCI to statement of profit and loss	101	341	442
Income tax effect	(36)	(65)	(101)
Balance as at March 31, 2024	**33**	**(61)**	**(28)**

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 Company is exposed to credit risk from its operating activities (primarily trade receivables, unbilled revenue and contract assets) and from its investing activities (primarily deposits with banks).

Revenue from one customer comprises around 13% of the total revenue of the Company. The remaining revenue of the Company is spread across wide range of customers. For receivables turnover ratio, refer note 43.

(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 are managed by each business units subject to Company's policies and procedures which involves continuously monitoring the credit worthiness of customers to which the Company grants credits in the normal course of business. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. Under the simplified approach, the Company does

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime expected credit losses at each reporting date, right from initial recognition. The company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix takes into account, available external and internal credit risk factors and the Company's historical experience with customers. Ageing of trade receivables and the provision in books for trade receivables:

	Not due	1-180 days	181-365 days	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2024							
Trade receivables	17,038	6,356	204	232	216	9	24,055
Unbilled receivables							12,501
Allowance for expected credit loss							(1,112)
Net Trade receivables	**17,038**	**6,356**	**204**	**232**	**216**	**9**	**35,444**
As at March 31, 2023							
Trade receivables	13,962	5,815	312	291	14	15	20,409
Unbilled receivables							11,773
Allowance for expected credit loss							(788)
Total	**13,962**	**5,815**	**312**	**291**	**14**	**15**	**31,394**

Reconciliation of loss allowance - trade receivables	March 31, 2024	March 31, 2023
Opening balance as at April, 1	(524)	(1,224)
Allowance made during the year (net) - refer note 31	(444)	58
Utilised during the year	110	656
Exchange gain/ (loss)	(1)	(14)
Closing balance as at March, 31	**(859)**	**(524)**

Reconciliation of loss allowance - unbilled revenue and other financial assets	March 31, 2024	March 31, 2023
Opening balance as at April, 1	(265)	(207)
Allowance made during the year - refer note 31	11	(58)
Closing balance as at March, 31	**(254)**	**(265)**

Other financial assets and cash deposit

Credit risk from balances with the banks, loans, investments in mutual funds and other financial assets are managed by the company based on the company policy and is managed by the Company's Treasury Team. Investment of surplus fund is made only with approved counterparties. The Company's maximum exposure to credit risk is the carrying amount of such assets as disclosed in note 37 above.

D) Liquidity risk

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

	March 31, 2024	March 31, 2023
RBL Bank Limited	77	105
Kotak Mahindra Bank Limited	3,498	241
Federal Bank Limited	40	35
ICICI Bank Limited	1,127	1,139
Axis Bank Limited	2,292	199
Citibank	2,080	-
State Bank of India	8,940	7,881
	18,054	**9,600**

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

Particulars	On demand	Less than 1 year	More than 1 year	Total
As at March 31, 2024				
Borrowings (including current maturities)	573	33,232	11,322	45,127
Lease liabilities	-	2,925	5,082	8,008
Trade payables	-	6,880	-	6,880
Contingent consideration	-	1,464	-	1,464
Foreign currency forward contracts	-	68	401	469
Other current financial liabilities #	-	6,141	3,241	9,382
	573	**50,711**	**20,046**	**71,330**
As at March 31, 2023				
Borrowings (including current maturities)	7,119	29,271	11,322	47,712
Lease liabilities	-	2,364	5,374	7,738
Trade payables	-	6,243	-	6,243
Contingent consideration	-	1,394	1,471	2,865
Foreign currency forward contracts	-	267	704	971
Other current financial liabilities #	-	5,588	4,294	9,882
	7,119	**45,127**	**23,165**	**75,411**

Includes future interest payable on outstanding borrowings

38 Capital management

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2024
(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2024	March 31, 2023
Borrowings (including current maturities)	44,237	47,655
Less : Cash and cash equivalents	(10,682)	(5,966)
Net (cash and cash equivalents)/debt (A)	**33,555**	**41,689**
Equity	1,47,370	82,598
Total equity capital (B)	**1,47,370**	**82,598**
Total debt and equity (C)=(A)+(B)	**1,80,925**	**1,24,287**
Gearing ratio (A)/(C)	**19%**	**34%**

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2024 and March 31, 2023.

39 Related party disclosure

(i) List of related parties and relationship

Key management personnel (KMP)	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)
Wholly owned subsidiaries	Happiest Minds Inc. (formerly known as PGS Inc.)
	Sri Mookambika Infosolutions Private Limited
Relatives of KMP	1. Mr. Suresh Soota
	2. Mr. Deepak Soota
	3. Ms. Kunku Soota
	4. Mrs. Usha Samuel
	5. Mrs. Jayalakshmi Venkatraman
Entities under the control of KMP	SKAN Research Trust
	Happiest Health Systems Private Limited
	Ashok Soota Medical Research LLP
Post employment benefit plan (PEBP)	Happiest Minds Technologies Ltd. Employees group gratuity trust

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

		March 31, 2024	March 31, 2023
(i)	**Sale of service**		
	Happiest Minds Inc.	5,116	4,890
	SKAN Research Trust	605	296
	Ashok Soota Medical Research LLP	53	42
	Happiest Health Systems Private Limited	2,788	811
(ii)	**Director's sitting fees:**		
	Mrs. Anita Ramachandran	27	16
	Mr. Rajendra Kumar Srivastava	16	9
	Mrs. Shuba Rao Mayya	27	18

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

		March 31, 2024	March 31, 2023
(iii)	**Commission to directors**		
	Mrs. Anita Ramachandran	3	9
	Mr. Rajendra Kumar Srivastava	19	21
	Mrs. Shuba Rao Mayya	3	7
(iv)	**Contribution made to post employee benefit plan:**		
	Happiest Minds Technologies Ltd. Employees group gratuity trust	300	355
(v)	**Loans taken**		
	Sri Mookambika Infosolutions Private Limited	-	900
(vi)	**Interest income on Loans given**		
	Happiest Minds Inc.	119	126
(vii)	**Legal and professional fees**		
	Happiest Health Systems Private Limited	72	28
viii)	**Advertising and business promotion expenses**		
	Happiest Health Systems Private Limited	16	-
(ix)	**Dividend received**		
	Sri Mookambika Infosolutions Private Limited	2,500	-
(x)	**Interest expense on Loans taken**		
	Sri Mookambika Infosolutions Private Limited	37	4
(xi)	**Managerial remuneration# :**		
	Mr. Venkatraman Narayanan		
	Salary, wages and bonus	155	134
	Employee stock compensation expense	-	3
	Mr. Ashok Soota		
	Salary, wages and bonus	155	128
	Mr. Praveen Darshankar		
	Salary, wages and bonus	60	55
	Employee stock compensation expense	*	*
	Mr. Joseph Vinod Anantharaju		
	Salary, wages and bonus	415	389
	Employee stock compensation expense	1	4
(xii)	**Reimbursement of expenses received:**		
	SKAN Research Trust	-	*
	Happiest Health Systems Private Limited	-	*
xiii)	**Dividend paid**		
	Mr. Joseph Vinod Anantharaju	25	17
	Mr. Ashok Soota	3,502	2,403
	Mr. Venkatraman Narayanan	30	20
	Ashok Soota Medical Research LLP	1,059	718
	Deepak Soota	3	2
	Suresh Soota	2	1
	Kunku Soota	1	1
	Usha Samuel	4	3
	Jayalakshmi Venkatraman	7	5
	Praveen Kumar Darshankar	3	2

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

* amount below rounding off norm of the Company

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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

		March 31, 2024	March 31, 2023
(i)	**Trade receivables:**		
	Happiest Minds Inc.	1,588	1,554
	SKAN Research Trust	52	162
	Happiest Health Systems Private Limited	652	101
	Ashok Soota Medical Research LLP	5	5
(ii)	**Unbilled receivables:**		
	Happiest Minds Inc.	-	-
	SKAN Research Trust	64	*
	Ashok Soota Medical Research LLP	-	26
	Happiest Health Systems Private Limited	-	45
(iii)	**Advance to suppliers**		
	Sri Mookambika Infosolutions Private Limited	90	-
(iv)	**Loans given**		
	Happiest Minds Inc.	1,668	2,465
(v)	**Loans taken**		
	Sri Mookambika Infosolutions Private Limited	-	900
(vi)	**Accrued interest on Loans given**		
	Happiest Minds Inc.	193	162
(vii)	**Accrued interest on Loans taken**		
	Sri Mookambika Infosolutions Private Limited	4	4
(vii)	**Trade payables**		
	Happiest Health Systems Private Limited	2	3
(viii)	**Commission payables**		
	Mrs. Anita Ramachandran	3	9
	Mr. Rajendra Kumar Srivastava	19	21
	Mrs. Shuba Rao Mayya	3	7

* amount below rounding off norm of the Company

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. Loans of ₹ 738 (USD 1 mn) ₹ 1492 (USD 2 mn) given to Happiest Minds Inc. carries an interest rate of 4.93% p.a and 5.367% p.a. respectively and is repayable after 3 years. Loan from Sri Mookambika Infosolutions Private Limited of ₹ 900 carries an interest rate of 7.317% p.a. is repaid in FY 23-24. All other outstanding balances at the year-end are unsecured, 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 2024, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2023: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

40 Corporate Social Responsibility ('CSR') expenditure

Details of CSR expenditure are as follows:

			March 31, 2024	March 31, 2023
(a)	Gross amount required to be spent by the Company during the year		446	322
(b)	Amount approved by the board to be spent during the year		450	333
(c)	Amount spent during the year ending on March 31, 2024 :	**In cash**	**Yet to be paid in cash**	**Total**
	i) Construction/ Acquisition of any asset	-	-	-
	ii) On purpose other than above	450	-	450
(d)	Amount spent during the year ending on March 31, 2023 :	**In cash**	**Yet to be paid in cash**	**Total**
	i) Construction/ Acquisition of any asset	-	-	-
	ii) On purpose other than above	333	-	333
(e)	Details related to spent/ unspent obligations:			
	i) Contribution to Public Trust		-	-
	ii) Contribution to Charitable Trust		450	333
	iii) Unspent amount in relation to:			
	- Ongoing project		-	-
	- Other than ongoing project		-	-
			450	**333**

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
-	-	446	450	-

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
(32)	446	450	(36)

41 Commitments and Contingent Liabilities

i) Capital Commitments

	March 31, 2024	March 31, 2023
Capital commitments towards purchase of capital assets	413	904

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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

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

b) 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.

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

42 Share based payments

Employee Share Option Plan (ESOP)

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

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

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

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

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

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

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(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		Legal Ownership	Legal Ownership
Vesting Pattern	Four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1,2,3 and 4 years respectively from the date of grant and become fully exercisable, subject to employee being in the employment of the Company.			
Exercise Price	Exercisable at an exercise price of ₹ 2, ₹ 3, ₹ 5 and ₹ 6 per option.	Exercisable at an exercise price of ₹ 2 and ₹ 6 per option.	Exercisable at an exercise price of ₹ 2, ₹ 6.25, ₹ 9.50, ₹ 11.50 and ₹ 26 per option.	No grant has been made under this scheme
Economic Benefits / Voting Rights	The holders of the equity shares will be entitled to the economic benefits of holding these shares only after the completion of the various vesting terms mentioned above and shall acquire voting rights as a shareholder of the Company as duly approved by the shareholders at the meeting held on July 31, 2017.			

	For the year ended	
	March 31, 2024	March 31, 2023
Employee stock compensation expense	47	120

Movements during the year

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

March 31, 2024

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	-	-	19,92,633	25.95
Granted during the year	-	-	-	-
Exercised during the year	-	-	(7,51,716)	25.93
Forfeited during the year	-	-	(54,049)	26.00
Outstanding options as at the end of the year	-	-	11,86,869	25.95
Weighted Average Remaining Contractual Life	-		2.89 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	-	-	19,475	26.00
Granted during the year	-	-	-	-
Exercised during the year	-	-	(7,825)	26.00
Forfeited during the year	-	-	-	-
Outstanding options as at the end of the year	-	-	11,650	26.00
Weighted Average Remaining Contractual Life	-		1.85 years	

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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)	-	-	-
Outstanding options as at the end of the year	-	-	19,475	26.00
Weighted Average Remaining Contractual Life	-		2.74 years	

*Weighted Average Exercise Price

No options were granted during the year (March 31, 2023 - Nil)

The weighted average share price of shares exercised during the year is ₹ 875.62 (March 31, 2023 - ₹ 944.91)

Exercisable options as at March 31, 2024 - 12,02,967 options (March 31, 2023 - 12,17,785 options) and weighted average exercise price - ₹ 25.96 (March 31, 2023 - ₹ 25.91)

43 Additional Information

(a) Ratio analysis and its elements

Ratio	Numerator	Denominator	March 31, 2024	March 31, 2023	% Change	Reason for variance
Current ratio	Current Assets	Current Liabilities	3.19	1.89	69%	Increase in investments in fixed deposit as at March 31 2024
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.35	0.66	(47)%	Impact on account of issue of shares through Qualified Institutions Placement ("QIP") during March 31, 2024
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments (excludes interest & repayments for Packing credit foreign currency loan)	5.03	4.50	12%	

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

Ratio	Numerator	Denominator	March 31, 2024	March 31, 2023	% Change	Reason for variance
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	0.21	0.29	(26)%	Impact on account of issue of shares through Qualified Institutions Placement ("QIP") during March 31, 2024
Trade Receivable Turnover Ratio	Net revenue	Average Trade Receivable	6.84	7.40	(8)%	
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	3.60	3.90	(8)%	
Net Capital Turnover Ratio	Net revenue	Working capital = Current assets – Current liabilities	1.22	2.74	(55)%	Higher working capital following the QIP during the year.
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	0.17	0.16	3%	
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax liability	0.19	0.23	(19)%	
Return on Investment	Interest (Finance Income) and gain from mutual funds	Investments (includes mutual funds, and fixed deposits)	0.08	0.05	54%	Increase of investments in fixed deposits as at 31st March, 2024

(b) The Company has not given any loans and advances in the nature of loan granted to promoters, directors and KMPs.

(c) The Company has not been declared a willful defaulter by any bank or financial institution or other lender.

(d) The Company does not have any transactions with the companies struck off under section 248 of the Companies Act, 2013.

(e) The Company does not have any charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period.

(f) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017

(g) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(h) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(i) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(j) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

44 Events after reporting period

(i) On April 24, 2024, the Parent signed definitive agreements to acquire 100% of the equity share capital of PureSoftware Technologies Private Limited ("PureSoftware"), a Noida based company, for a total purchase consideration of US $ 94.5 Million (₹ 77,900 Lakhs) (Upfront of ₹ 63,474 Lakhs on closing and deferred consideration of upto ₹ 14,426 Lakhs payable at the end of FY25 on achievement of set performance targets) subject to closing conditions set out in the agreement. The Company is expecting to close this transaction by May 31, 2024.

(ii) On April 18, 2024, the Parent signed share purchase agreement to acquire 100% of the equity interest in Macmillan Learning India Private Limited, a Bengaluru based company, for a total purchase consideration of ₹ 444 Lakhs. The Company paid the purchase consideration on April 30, 2024 and the shares were subsequently transferred to Company's name.

(iii) The Board of Directors of the Company at its meeting held on March 13, 2024 had approved the Scheme of Amalgamation of Sri Mookambika Infosolutions Private Limited (Wholly Owned Subsidiary - Transferor Company) with the Company (Holding Company - Transferee Company) and their respective Shareholders and Creditors, pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013. The Company has filed the application with National Company Law Tribunal, Bengaluru on March 27, 2024 and the NCLT has admitted the application on April 17, 2024.

45 The Company publishes Standalone Financial Statements along with the Consolidated Financial Statements. In accordance with Ind AS 108, Operating segments, the Company has disclosed the segment information in the Consolidated Financial Statements. Accordingly, the segment information is given in the Consolidated Financial Statements of Happiest Minds Technologies Limited and its subsidiaries for the year ended March 31, 2024.

46 The Board of Directors of the Company at their meeting held on May 6, 2024, recommended the payout of a final dividend of ₹ 3.25/- per equity share of face value ₹ 2/- each for the financial year ended March 31, 2024 . This recommendation is subject to approval of shareholders at the 13th Annual General Meeting of the Company scheduled to be held on June 28, 2024.

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.

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

Vikas Bagaria
Partner
Membership no.: 060408
Place: Bengaluru, India
Date: 06-05-2024

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

Ashok Soota
Executive Chairman
DIN : 00145962
Place: Bengaluru, India
Date: 06-05-2024

Venkatraman Narayanan
Managing Director & Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: 06-05-2024

Praveen Darshankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: 06-05-2024

Independent Auditor's Report

To The Members of Happiest Minds Technologies Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Happiest Minds Technologies Limited** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2024, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended and a summary of material accounting policies and other explanatory information in, which are incorporated the Financial Statements of Happiest Minds Technologies Share Ownership (the "ESOP trust") for the year ended on that date audited by the other auditor ("trust auditor").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the trust auditor and other auditor on separate financial statements of the subsidiary referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, read with the Companies(Indian Accounting Standards) Rules,2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2024, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the trust auditor and other auditor in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Fixed price contracts using the percentage of completion method** (refer note 2(a) and note 26 of the consolidated Ind AS financial statement) Revenue from fixed-price contracts where the performance obligations are satisfied over time, is recognized using the percentage-of-completion method. Use of the percentage-of-completion method requires the Company to determine the project costs incurred to date as a percentage of total estimated project costs required to complete the project. The estimation of total project costs involves significant judgement and is assessed throughout the period of the contract to reflect any changes based on the latest available information. We identified the revenue recognition for fixed price contracts where the percentage-of-completion method is used as a key audit matter because of the significant judgement involved in estimating the efforts to complete such contracts. This estimate has a high inherent uncertainty and requires consideration of progress of the contract, efforts incurred to-date and estimates of efforts to complete the contract. This required a high degree of auditor judgement in evaluating the audit evidence supporting the estimated efforts to complete and a higher extent of audit effort to evaluate the reasonableness of the total estimated efforts used to recognise revenue on fixed-price contracts.	Principal audit procedures performed: Our audit procedures related to estimates of efforts to complete for fixed-price contracts accounted using the percentage-of completion method included the following, among others: • We tested the effectiveness of controls relating to (1) recording of efforts incurred and estimation of efforts to complete the remaining contract performance obligations, and (2) access and application controls pertaining to time recording and allocation systems, which prevents unauthorized changes to recording of efforts incurred. • We evaluated management's ability to reasonably estimate the progress towards satisfying the performance obligation, by comparing actual information to estimates, for performance obligations that have been fulfilled. • We selected a sample of fixed price contracts with customers accounted using percentage-of-completion method and performed the following: • Read the contract and based on the terms and conditions evaluated whether recognizing revenue over time was appropriate, and the contract was included in management's calculation of revenue over time. • Evaluated other information that supported the estimates of the progress towards satisfying the performance obligation. • Evaluated the appropriateness of and consistency in the application of management's policies and methodologies to estimate progress towards satisfying the performance obligation. • Compared efforts incurred with data from the timesheet application system. • Tested the estimate for consistency with the status of delivery of milestones and customer acceptances to identify possible delays in achieving milestones, which require changes in estimated efforts to complete the remaining performance obligations. • We assessed the adequacy of disclosures made in the financial statements with respect to revenue recognized during the year as required by applicable Indian Accounting Standards.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report 2023-24, but does not include the consolidated financial statements and our auditor's report thereon. The report is expected to be made available to us after the date of this auditor's report.

- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information,identified above, when it becomes available and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the ESOP trust and the subsidiary, is traced from their financial statements audited by the trust auditor and other auditor.

- When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Management of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the ESOP trust or entities included in the consolidated financial statements, which have been audited by the trust auditor and other auditor, such trust auditor and other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal financial controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of the ESOP trust included in the standalone financial statements of the companies included in the Group whose financial statements reflect total assets of ₹ 24,651 Lakhs as at March 31, 2024 & total revenue of ₹ Nil and net cash flows amounting to ₹ 882 Lakhs for the year ended on that date, as considered in the standalone financial statements of the companies included in the Group. The financial statements of the ESOP trust have been audited by the trust auditor whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the ESOP trust and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid ESOP trust, is based solely on the report of such Trust auditor.

(b) We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of ₹ 2,826 Lakhs as at March 31, 2024, total revenues of ₹ 9,073 Lakhs and net cash inflows amounting to ₹ 64 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the trust auditor and other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the trust auditor and other auditor on the separate financial statements of the ESOP trust and the subsidiary referred to in the Other Matters section Reported above, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law maintained by the Group, including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, and the reports of the trust auditor and other auditor.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements and with the financial statements received from the trust auditor and other auditor.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on March 31, 2024 taken on record by the Board of Directors of the Company and the reports of the statutory auditor of the ESOP trust and the subsidiary, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". This is based on the auditors' reports of the Parent and the subsidiary. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies.

f) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us the remuneration paid by the Parent to their respective directors during the year is in accordance with the provisions of section 197 of the Act.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, Refer Note 42 of the consolidated financial statements.

ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent, and its subsidiary.

iv) (a) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditor of such subsidiary, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or the subsidiary to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or the subsidiary, ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditor of such subsidiary, that, to the best of their knowledge and belief, no funds have been received by the Parent or the subsidiary, from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or the subsidiary, shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditor of the subsidiary, which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditor to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The final dividend proposed in the previous year, declared and paid by the Parent during the year is in accordance with section 123 of the Act, as applicable.

The interim dividend declared and paid by the Parent during the year and until the date of this report is in compliance with section 123 of the Act.

As stated in note 47 to the consolidated financial statements, the Board of Directors of the Parent whose financial statements have been audited under the Act, where applicable, have proposed final dividend for the year which is subject to the approval of the members of the Parent at the ensuing respective Annual General Meetings. Such dividend proposed is in accordance with section 123 of the Act, as applicable.

vi) Based on our examination, which included test checks, and based on the other auditor's reports of its subsidiary company incorporated in India whose financial statements have been audited under the Act, except for the instances mentioned below, the Parent Company and its subsidiary company incorporated in India have used accounting software(s) for maintaining their respective books of account for the financial year ended March 31, 2024, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software(s):

1. In respect of accounting software used for maintaining revenue records, audit trail was not enabled at the database level to log any direct data changes;

2. The Parent migrated to a new accounting software for maintaining payroll records on October 1, 2023. Based on our examination which included test checks, in respect of the earlier software used for maintaining the payroll records for the period April 1, 2023 to September 30, 2023 audit trail was not enabled at the database level to log any direct data changes; and

3. In respect of the an accounting software operated by a third party software service provider, for maintaining payroll records, with effect from October 1, 2023 based on the independent auditor's service organisation report covering the requirement of audit trail, parent has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility at the application level and the same has operated during the period October 1, 2023 till December 31, 2023. No instance of audit trail feature being tampered with has been reported in such independent auditor's report for the aforesaid period. In the absence of an independent auditor's report covering the audit trail requirement for the remaining period, we are unable to comment whether the audit trail feature of the said software was enabled and operated post December 31, 2023, for all relevant transactions recorded in the software or whether there was any instance of the audit trail feature been tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the year ended March 31, 2024.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.

For **DELOITTE HASKINS AND SELLS**
Chartered Accountants
(Firm's Registration No.008072S)

Vikas Bagaria
Partner
(Membership No. 060408)
(UDIN: 24060408BKFSLO9378)
Place: Bengaluru
Date: May 6, 2024

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2024, we have audited the internal financial controls with reference to consolidated financial statements of Happiest Minds Technologies Limited (hereinafter referred to as "Parent") and its subsidiaries, which includes internal financial controls with reference to consolidated financial statements of the Company's subsidiary which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the subsidiary, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary, which are companies incorporated in India.

Meaning of Internal Financial Controls with reference to consolidated financial statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent audits subsidiary, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2024, based on the criteria for internal financial control with reference to consolidated financial statements established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to its subsidiary, which is a company incorporated in India, is based solely on the corresponding report of the other auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS AND SELLS**
Chartered Accountants
(Firm's Registration No.008072S)

Vikas Bagaria
Partner
(Membership No. 060408)
(UDIN: 24060408BKFSLO9378)
Place: Bengaluru
Date: May 6, 2024

Consolidated Balance Sheet

as at March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	As at March 31, 2024	As at March 31, 2023
Assets			
Non-current assets			
Property, plant and equipment	3	13,778	13,278
Capital work-in-progress	3	9	185
Goodwill	4	14,032	13,913
Other intangible assets	4	7,786	10,182
Intangible assets under development	4	22	81
Right-of-use assets	5	5,698	5,786
Financial assets			
i. Investments	11	-	1,296
ii. Other financial assets	7	2,480	9,389
Income tax assets (net)	8A	1,529	1,310
Other assets	9	32	119
Deferred tax assets (net)	10 A	1,636	1,246
Total non-current assets		**47,002**	**56,785**
Current assets			
Financial assets			
i. Investments	11	-	-
ii. Trade receivables	12	25,444	21,319
iii. Cash and cash equivalents	13	11,470	6,999
iv. Bank balance other than cash and cash equivalents	14	1,22,183	62,184
v. Loans	6	37	64
vi. Other financial assets	7	13,850	12,237
Other assets	9	4,793	4,495
Total current assets		**1,77,777**	**1,07,298**
Total assets		**2,24,779**	**1,64,083**
Equity and liabilities			
Equity			
Equity share capital	15	2,987	2,866
Other equity	17	1,45,037	81,016
Equity attributable to equity holders of the parent		**1,48,024**	**83,882**
Non-controlling interest		-	-
Total equity		**1,48,024**	**83,882**
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	19	10,445	11,278
ii. Lease liabilities	20	4,570	4,761
iii. Other financial liabilities	21	401	1,996
Provisions	22	3,338	2,466
Deferred tax liabilities (net)	10 B	1,303	2,060
Total non-current liabilities		**20,057**	**22,561**

Consolidated Balance Sheet (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	As at March 31, 2024	As at March 31, 2023
Current liabilities			
Contract liabilities	23	1,825	1,157
Financial liabilities			
i. Borrowings	19	33,792	35,477
ii. Lease liabilities	20	2,412	1,859
iii. Trade payables	24		
(A) Total outstanding dues of micro enterprises and small enterprises		165	83
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises.		7,750	6,969
iv. Other financial liabilities	21	5,810	7,428
Income tax liabilities (net)	8B	12	517
Other current liabilities	25	2,796	2,375
Provisions	22	2,136	1,775
Total current liabilities		**56,698**	**57,640**
Total liabilities		**76,755**	**80,201**
Total equity and liabilities		**2,24,779**	**1,64,083**
Summary of material accounting policies	2		

The notes referred to above form an integral part of the Consolidated Financial Statements.

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: 06-05-2024

Ashok Soota
Executive Chairman
DIN : 00145962
Place: Bengaluru, India
Date: 06-05-2024

Venkatraman Narayanan
Managing Director & Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: 06-05-2024

Praveen Darshankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: 06-05-2024

Consolidated Statement of Profit and Loss
for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
Income			
Revenue from contracts with customers	26	1,62,466	1,42,929
Other income	27	8,537	2,111
Total income		**1,71,003**	**1,45,040**
Expenses			
Employee benefits expense	28	1,01,469	80,681
Depreciation and amortisation	29	5,829	4,191
Finance costs	30	4,227	2,186
Other expenses	31	27,412	26,362
Total expenses		**1,38,937**	**1,13,420**
Profit before exceptional items and tax		**32,066**	**31,620**
Exceptional items	32	1,402	(634)
Profit before tax		**33,468**	**30,986**
Tax expense	33		
Current tax		9,518	8,508
Deferred tax charge/ (credit)		(889)	(621)
		8,629	**7,887**
Profit for the year		**24,839**	**23,099**
Other comprehensive income (OCI)			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange differences on translating the financial statements of a foreign operation		124	517
Net movement on effective portion of cash flow hedges	37(B)	403	(632)
Income tax effect	33	(101)	159
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**426**	**44**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Net loss on equity instruments carried at fair value through OCI	36 (v)	(1,319)	(351)
Income tax effect	33	277	74
Re-measurement losses on defined benefit plans	35	(346)	(155)
Income tax effect	33	87	39
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(1,301)**	**(393)**

Consolidated Statement of Profit and Loss (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
Other comprehensive income for the year, net of tax		**(875)**	**(349)**
Total comprehensive income for the year		**23,964**	**22,750**
Profit for the year		24,839	23,099
Attributable to:			
Equity holders of the parent		24,839	23,099
Non-controlling interests		-	-
Total comprehensive income for the year		23,964	22,750
Attributable to:			
Equity holders of the parent		23,964	22,750
Non-controlling interests		-	-
Earnings per equity share	34		
Equity shares of par value ₹ 2/- each			
Basic, computed on the basis of profit for the year attributable to equity holders of the parent (₹)		16.73	16.13
Diluted, computed on the basis of profit for the year attributable to equity holders of the parent (₹)		16.73	16.01
Summary of significant accounting policies	2		

The notes referred to above form an integral part of the Consolidated Financial Statements.

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: 06-05-2024

Ashok Soota
Executive Chairman
DIN : 00145962
Place: Bengaluru, India
Date: 06-05-2024

Venkatraman Narayanan
Managing Director & Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: 06-05-2024

Praveen Darshankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: 06-05-2024

Consolidated Statement of Cash Flows

for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
Operating activities			
Profit before tax		**33,468**	**30,986**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation/ amortisation of property, plant and equipment, intangibles and right-of-use assets		5,829	4,191
Share-based payment expense		47	120
Gain on sale of investment carried at fair value through profit and loss		(18)	(803)
Fair value loss on contingent consideration		-	634
Gain on derecognition of contingent consideration		(1,402)	-
Interest income		(7,958)	(2,610)
Net unrealised foreign exchange (gain)/loss		(84)	1,219
Rent concession		-	(71)
Impairment loss on financial assets		530	-
Provision no longer required/ written-off		(78)	-
Finance costs		4,227	2,186
Operating cash flow before working capital changes		**34,561**	**35,852**
Movements in working capital:			
Increase in trade receivables		(4,533)	(3,468)
Decrease in loans		27	964
Increase in non-financial assets		(210)	(1,190)
Increase in financial assets		(1,240)	(1,961)
Increase/ (decrease) in trade payables		823	756
Increase/ (decrease) in financial liabilities		35	(1,362)
Increase in provisions		887	478
Increase/ (decrease) in contract liabilities		737	(225)
Increase in other non-financial liabilities		411	(245)
		31,498	**29,599**
Income tax paid, net of refunds		(10,242)	(8,882)
Net cash flows from operating activities	**(A)**	**21,256**	**20,717**
Investing activities			
Purchase of property, plant and equipment		(823)	(13,106)
Purchase of intangible assets		(207)	(835)
Proceeds from sale of property, plant and equipment		4	-
Maturities of / (Investment in) bank deposit, net		(52,847)	(56,995)
Acquisition of subsidiary		-	(10,987)
Investment in equity shares of Tech4TH Solutions Inc.		-	(827)
Investments of mutual funds		(2,550)	-
Proceeds from sale of mutual funds		2,568	47,203
Interest received		7,214	445
Net cash flows used in investing activities	**(B)**	**(46,641)**	**(35,102)**
Financing activities			
Repayment of long-term borrowings		(2,608)	(2,609)
Proceeds from long-term borrowings		-	12,383
Proceeds / (Repayment) of short-term borrowings (net)		(1,439)	4,617
Proceeds from issue of redeemable non-convertible debentures		8,000	4,500

Consolidated Statement of Cash Flows (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
Payment of principal portion of lease liabilities		(2,161)	(2,004)
Payment of interest portion of lease liabilities		(614)	(544)
Payment of contingent consideration		(1,659)	(2,034)
Proceeds from issue of equity shares (Net of share issue expenses)		48,556	-
Dividend paid		(8,604)	(5,715)
Proceeds from exercise of share options		181	147
Interest paid		(3,305)	(1,534)
Net cash flows from/ (used) in financing activities	**(C)**	**36,347**	**7,207**
Net increase in cash and cash equivalents	**[(A)+(B)+(C)]**	10,962	(7,178)
Net foreign exchange difference		55	323
Cash and cash equivalents at the beginning of the year		6,999	6,729
Cash acquired on acquisition of subsidiary		-	6
Less : Bank overdraft at the beginning of the year		(7,119)	-
Cash and cash equivalents at the end of the year		**10,897**	**(120)**
Components of cash and cash equivalents	13		
Balance with banks			
- on current account		4,511	5,346
- in EEFC accounts		4,759	1,653
Deposits with original maturity of less than three months - refer note below		2,200	-
Less : Bank overdraft		(573)	(7,119)
Total cash and cash equivalents		**10,897**	**(120)**
Non-cash investing activities:			
Acquisition of subsidiary / Changes in value of contingent consideration		1,389	4,233
Acquisition of Right-of-use assets	5	2,571	4,317
Summary of significant accounting policies	2		

The notes referred to above form an integral part of the Consolidated Financial Statements.

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: 06-05-2024

Ashok Soota
Executive Chairman
DIN : 00145962
Place: Bengaluru, India
Date: 06-05-2024

Venkatraman Narayanan
Managing Director & Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: 06-05-2024

Praveen Darshankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: 06-05-2024

Consolidated Statement of Changes in Equity

for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

a) Equity share capital

For the year ended March 31, 2024	No of Shares	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid		
At April 1, 2023	**14,31,88,555**	**2,866**
Issue of shares	54,11,255	106
Exercise of share options - refer note 15 (ii) (1)	7,54,616	15
As at March 31, 2024	**14,93,54,426**	**2,987**

For the year ended March 31, 2023	No of Shares	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid		
At April 1, 2022	**14,26,08,867**	**2,854**
Exercise of share options - refer note 15 (ii) (1)	5,79,688	12
As at March 31, 2023	**14,31,88,555**	**2,866**

b) Other equity

For the year ended March 31, 2024	Attributable to the equity holders of the parent						Total
	Reserves and Surplus			Other components of equity			
	Securities premium (Note 17)	Share options outstanding reserve (Note 17)	Retained earnings (Note 17)	Cash flow hedge reserve (Note 17)	Foreign currency translation reserve (Note 17)	Equity instrument through OCI (Note 17)	
As at April 1, 2023	**41,556**	**266**	**39,064**	**(330)**	**737**	**(277)**	**81,016**
Profit for the year	-	-	24,839	-	-	-	24,839
Other comprehensive income	-	-	(259)	302	124	(1,042)	(875)
Total comprehensive income	**-**	**-**	**24,580**	**302**	**124**	**(1,042)**	**23,964**
On issue of shares - refer note 15 (3)	49,894	-	-	-	-	-	49,892
Exercise of share option by employees	164	-	-	-	-	-	166
Transaction costs, net of recovery or reimbursement of expense on issue of shares	(1,444)	-	-	-	-	-	(1,444)
Transferred to retained earnings for options forfeited	4	(6)	2	-	-	-	-
Transferred to securities premium for options exercised	144	(144)	-	-	-	-	-
Dividend - refer note 18	-	-	(8,604)	-	-	-	(8,604)
Share-based payments expense - refer note 44	-	47	-	-	-	-	47
As at March 31, 2024	**90,318**	**163**	**55,042**	**(28)**	**861**	**(1,319)**	**1,45,037**

Consolidated Statement of Changes in Equity (Contd.)

(All amounts in ₹ Lakhs, unless otherwise stated)

c) Other equity

For the year ended March 31, 2023	Attributable to the equity holders of the parent						Total
	Reserves and Surplus			Other components of equity			
	Securities premium (Note 17)	Share options outstanding reserve (Note 17)	Retained earnings (Note 17)	Cash flow hedge reserve (Note 17)	Foreign currency translation reserve (Note 17)	Equity instrument through OCI (Note 17)	
As at April 1, 2022	**41,205**	**385**	**21,773**	**143**	**220**	**-**	**63,726**
Profit for the year	-	-	23,099	-	-	-	23,099
Other comprehensive income	-	-	(116)	(473)	517	(277)	(349)
Total comprehensive income	**-**	**-**	**22,983**	**(473)**	**517**	**(277)**	**22,750**
Exercise of share option by employees	135	-	-	-	-	-	135
Transferred to retained earnings for options forfeited	-	(23)	23	-	-	-	-
Transferred to securities premium for options exercised	216	(216)	-	-	-	-	-
Dividend - refer note 18	-	-	(5,715)	-	-	-	(5,715)
Share-based payments expense - refer note 44	-	120	-	-	-	-	120
As at March 31, 2023	**41,556**	**266**	**39,064**	**(330)**	**737**	**(277)**	**81,016**

Summary of material accounting policies (refer note 2)

The notes referred to above form an integral part of the Consolidated Financial Statements.

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: 06-05-2024

Ashok Soota
Executive Chairman
DIN : 00145962
Place: Bengaluru, India
Date: 06-05-2024

Venkatraman Narayanan
Managing Director & Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: 06-05-2024

Praveen Darshankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: 06-05-2024

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

(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 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, 2024 were approved by Board of Directors on May 06, 2024.

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 material 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, 2024.

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

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

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

c) Derivative financial instruments and

d) Contingent consideration

(b) Functional currency and presentation currency

These Consolidated Financial Statements are presented in 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.

Judgements:

Information about judgements made in applying accounting policies that have a material 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 material risk of resulting in a material adjustment in the year ended March 31, 2024 is included in the following notes:

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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

(e) Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Parent and its subsidiary as at March 31, 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off 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 March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

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

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

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

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

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

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

The subsidiaries 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, 2024	Ownership interest as at March 31, 2023
Sri Mookambika Infosolutions Private Limited	IT services	India	100%	100%
Happiest Minds Inc. (formerly known as PGS Inc.)	IT services	United States of America	100%	100%

2 Material 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:

Revenue from 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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.

Revenue from license

Revenue for supply of third party products, services or licenses are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Group recognizes revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Where 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 on a net basis. In case, where the licenses are required to be substantially customized as part of implementation service, the entire arrangement fee is considered as single performance obligation and revenue is recognized as per input method.

Where the Group acts as principal, revenue from sale of licenses, where the customer obtains a “right to use” the licenses is recognized at the point in time when the related license is made available to the customer. Revenue from licenses where the customer obtains a “right to access” is recognized over the access period and is included in Revenue from Services.

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

(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.

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

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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:

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

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 (including solar panels)	5 years - 15 years	4 years-15 years
Buildings	60 years	50 years
Vehicles	8-10 years	4 years
Computer systems	6 years for server 3 years for other than server	2.5-3 years

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

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

(d) Intangible assets

Goodwill

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

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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.

(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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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 Units (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.

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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

(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,

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transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS - 115.

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

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

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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

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

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

Debt instrument at FVTOCI

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

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

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the Other Comprehensive Income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss.

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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.

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.

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Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Impairment of financial assets

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

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

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

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

- Trade receivables, unbilled revenue and contract assets

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

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

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

b) Financial Liabilities :

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts. The subsequent measurement of financial liabilities depends on their classification, which is described below.

Subsequent measurement

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

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

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

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

c) Loans and borrowings

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

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

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

Derecognition

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

d) Offsetting of financial instruments

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

Derivative financial instruments

Initial recognition and subsequent measurement :

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

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

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

- Fair value hedges, when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment

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- 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

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.

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(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.

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.

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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.

(l) 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.

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.

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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) Exceptional items

Exceptional items are income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Group and, therefore, are not expected to recur frequently or regularly. In accordance with the requirements of Guidance Note on Schedule III to the Companies Act 2023, exceptional items are disclosed on the face of the Statement of Profit and Loss and details of the individual items are disclosed in the Notes.

(o) Taxation

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

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Current income tax

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

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

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

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

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

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

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

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

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

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

(p) 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 16.

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

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

Share options exercised during the reporting period are issued from the treasury shares.

(q) Provisions and Contingent Liabilities

Provisions

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

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

Provision for warranty

As per the terms of the contracts, the 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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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.

(r) Segment reporting

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

(s) 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.

(t) Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

(u) The Ministry of Corporate Affairs (MCA) had issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2023 on March 31, 2023 amending the following Ind AS, which are effective for annual periods beginning on or after April 1, 2023 :

- Ind AS 1, 'Presentation of Financial Statements' - This amendment requires companies to disclose their material accounting policies rather than their significant accounting policies. Consequently, the Group has disclosed material accounting policies. There is no impact on the consolidated financial statements.

- 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 amendments clarify how companies account for deferred tax on transactions such as leases. The Group previously recognised for deferred tax on leases on a net basis. Pursuant to the aforementioned amendment, the Group has grossed-up the deferred tax assets and deferred tax liabilities recognised in relation to leases w.e.f. 1st April, 2022. However, there is no impact on the net deferred tax liabilities in the Consolidated Balance Sheet

(v) Critical estimates and judgements

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(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.

(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 36(iv) and 36(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, 2024

(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
Cost or valuation									
As at April 01, 2022	**-**	**-**	**265**	**144**	**25**	**-**	**71**	**505**	**-**
Acquisition of subsidiary	-	-	126	10	5	33	-	174	-
Additions	4,423	8,354	166	122	50	-	159	13,274	185
Transfers from CWIP	-	-	-	-	-	-	-	-	-
Disposals			(48)	-	(1)	-	-	(49)	-
As at March 31, 2023	**4,423**	**8,354**	**509**	**276**	**79**	**33**	**230**	**13,904**	**185**
Additions	-	-	188	103	3	-	-	294	529
Transfers from CWIP	-	132	169	183	133	-	88	705	(705)
Disposals	-	-	(16)	-	-	(4)	-	(20)	-
As at March 31, 2024	**4,423**	**8,486**	**850**	**562**	**215**	**29**	**318**	**14,883**	**9**
Accumulated depreciation									
As at April 01, 2022	**-**	**-**	**228**	**116**	**24**	**-**	**59**	**427**	**-**
Charge for the year	-	119	77	22	6	1	23	248	-
Disposals	-	-	(48)	-	(1)	-	-	(49)	-
As at March 31, 2023	**-**	**119**	**257**	**138**	**29**	**1**	**82**	**626**	**-**
Charge for the year	-	168	198	57	25	8	39	495	-
Disposals	-	-	(16)	-	-	(*)	-	(16)	-
As at March 31, 2024	**-**	**287**	**439**	**195**	**54**	**9**	**121**	**1,105**	**-**
Net book value									
As at March 31, 2023	**4,423**	**8,235**	**252**	**138**	**50**	**32**	**148**	**13,278**	**185**
As at March 31, 2024	**4,423**	**8,199**	**411**	**367**	**161**	**20**	**197**	**13,778**	**9**

(*) Represents number below rounding off norms of the Company.

Note:

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

(ii) All property, plant and equipment are owned by the Group unless, otherwise stated.

(iii) There are no proceeding initiated or pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

Capital work-in-progress (CWIP) Ageing

As at March 31, 2024

	Amount in CWIP for a period				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	9	-	-	-	9
Projects temporarily suspended	-	-	-	-	-
Total	**9**	**-**	**-**	**-**	**9**

As at March 31, 2023

	Amount in CWIP for a period				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	185	-	-	-	185
Projects temporarily suspended	-	-	-	-	-
Total	**185**	**-**	**-**	**-**	**185**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

4 Goodwill and other intangible assets

i) Goodwill

	March 31, 2024	March 31, 2023
Cost or valuation		
Deemed cost		
As at April 01	**15,801**	**9,784**
Acquisition of subsidiary	-	5,404
Exchange difference	119	613
As at March 31	**15,920**	**15,801**
Accumulated Impairment		
As at April 01	**1,888**	**1,888**
As at March 31	**1,888**	**1,888**
Net book value as at March 31	**14,032**	**13,913**

ii) Other intangible assets

	Other intangible assets						Intangibles assets under development
	Trademark	Customer relationships	Non-compete	Computer software	Exclusive license	Total	
Cost or valuation							
Deemed cost							
As at April 01, 2022	**91**	**2,915**	**64**	**874**	**97**	**4,041**	**35**
Additions	-	-	-	789	-	789	46
Acquisition of subsidiary - refer note 44	-	7,930	329	-	-	8,259	
Exchange difference	8	228	4	20	8	268	-
As at March 31, 2023	**99**	**11,073**	**397**	**1,683**	**105**	**13,357**	**81**
Additions	-	-	-	230	-	230	11
Transfer from intangible assets under development				36		36	(70)
Exchange difference	1	44	1	4	2	52	-
As at March 31, 2024	**100**	**11,117**	**398**	**1,953**	**107**	**13,675**	**22**
Accumulated amortisation/ Impairment							
As at April 01, 2022	**57**	**1,052**	**32**	**443**	**61**	**1,645**	**-**
Charge for the year	36	916	46	380	39	1,417	-
Exchange difference	6	88	2	12	5	113	-
As at March 31, 2023	**99**	**2,056**	**80**	**835**	**105**	**3,175**	**-**
Charge for the year	-	1,958	124	593	-	2,675	-
Exchange difference	1	31	1	4	2	39	-
As at March 31, 2024	**100**	**4,045**	**205**	**1,432**	**107**	**5,889**	**-**
Net book value							
As at March 31, 2023	**-**	**9,017**	**317**	**848**	**-**	**10,182**	**81**
As at March 31, 2024	**-**	**7,072**	**193**	**521**	**-**	**7,786**	**22**

The customer relationships intangible will be fully amortized in 7 years (March 31, 2023: 7 Years)

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

Intangibles assets under development Ageing (IAUD)

As at March 31, 2024	Amount in IAUD for a period				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	17	5	-	-	22
Projects temporarily suspended	-	-	-	-	-
Total	**17**	**5**	**-**	**-**	**22**

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

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, ₹ 8,017 Lakhs related to the business combination of Happiest Minds Inc. (formerly known as PGS Inc.) and ₹ 5,404 Lakhs related to business combination 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.

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

	PES	IoT		DBS-PGS	
	March 31, 2024	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Discount rate	20.00%	19.30%	22.89%	19.32%	21.91%
Long term growth rate	1.00%	4.00%	4.00%	1.00%	2.00%
Sales growth	14.17%	15.00%	10.00%	15.00%	20.00%
Carrying value of goodwill	5,404	611	611	8,017	7,898

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, DBS-PGS and PES-SMI 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, DBS-PGS and PES-SMI CGUs lower than the carrying amount of respective CGU.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

5 Right-of-use assets

	Computer systems	Office equipment	Office buildings	Motor vehicles	Total
As at April 01, 2022	**1,578**	**-**	**3,806**	**6**	**5,390**
Additions	1,142	125	2,867	183	4,317
Disposals	-	-	(1,395)	-	(1,395)
Depreciation	(1,186)	(9)	(1,304)	(27)	(2,526)
As at March 31, 2023	**1,534**	**116**	**3,974**	**162**	**5,786**
Additions	1,069	-	1,440	62	2,571
Disposals	-	-	-	-	-
Depreciation	(1,320)	(20)	(1,253)	(66)	(2,659)
As at March 31, 2024	**1,283**	**96**	**4,161**	**158**	**5,698**

The average lease period of the leased assets is 4 years (March 31, 2023: 3.9 years).

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

	March 31, 2024	March 31, 2023
Rent concession income	-	71
	-	**71**
Interest expense on lease liabilities - refer note 30	614	544
Depreciation of Right-of-use assets -refer note 29	2,659	2,526
Rent expense pertaining to short- term leases -refer note 31	549	349
	3,822	**3,419**

6 Loans

Carried at amortised cost

	March 31, 2024	March 31, 2023
Current		
Loans considered good - Unsecured		
Loans to employees	37	64
	37	**64**

7 Other financial assets

	March 31, 2024	March 31, 2023
(a) Other financial assets carried at amortised cost		
(unsecured, considered good, unless otherwise stated)		
Non-current		
Fixed deposit with maturity of more than 12 months	11	7,131
Margin money deposits - refer note (i) below	1,688	1,720
Security deposit	781	538
	2,480	**9,389**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

	March 31, 2024	March 31, 2023
(i) Margin money deposit is used to secure:		
Term loan - Federal bank	914	952
Guarantees given	774	768
Current		
Interest accrued on fixed deposit	1,618	911
Unbilled revenue#	11,847	10,773
Security deposit	145	209
Other receivables	53	56
	13,663	**11,949**
Security deposit - credit impaired	1	1
Less: Allowance for credit impaired loans	(1)	(1)
Less: loss allowance on unbilled revenue	(243)	(241)
Total	**13,420**	**11,708**

Classified as financial asset as right to consideration is unconditional and is due only after a passage of time. Includes ₹ 64 Lakhs (March 31, 2023 : ₹ 71) from related party. Refer note 39

	March 31, 2024	March 31, 2023
(b) Derivative instruments carried at fair value through OCI		
Designated as Cash flow hedges		
Foreign currency forward contracts - refer note 37 (B)	111	166
Cross currency interest rate swap - refer note 37 (B)	319	363
	430	**529**
Total other current financial assets	**13,850**	**12,237**

8A Income tax assets (net)

	March 31, 2024	March 31, 2023
Non - current		
Income tax assets (net)	1,529	1,310
	1,529	**1,310**

8B Income tax liabilities (net)

	March 31, 2024	March 31, 2023
Current		
Income tax liabilities (net)	12	517
	12	**517**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

9 Other assets

Unsecured, considered good, unless otherwise stated

	March 31, 2024	March 31, 2023
Non - current		
Prepaid expenses	32	119
	32	**119**
Current		
Prepaid expenses	2,218	1,707
Balances with statutory / government authorities	433	353
Advance to employees against expenses	182	218
Advance to suppliers	367	150
Other advances	-	407
Contract assets	1,623	1,698
	4,823	**4,533**
Less: loss allowance on contract assets	(30)	(38)
	4,793	**4,495**

10 A Deferred tax assets (net)

	March 31, 2024	March 31, 2023
Deferred tax assets (net)	1,636	1,246
	1,636	**1,246**

Significant components and movement in deferred tax assets and liabilities during the year ended March 31, 2024 :

	April 01, 2023	Recognised in profit or loss [charge/(credit)]	Recognised in Other comprehensive income	March 31, 2024
Mutual funds	-	-	-	-
Goodwill	(154)	-	-	(154)
Property, plant and equipment and intangible assets	(22)	(210)	-	(232)
Derivative assets	111	-	(101)	10
Loss allowance on trade receivables	132	85	-	217
Right-of-use assets	(1,456)	23	-	(1,434)
Lease liability	1,668	95	-	1,763
Provision for gratuity and leave encashment	735	102	95	932
Employee related liabilities	-	308	-	308
Others	232	(6)	-	227
Deferred tax assets (net)	**1,246**	**397**	**(6)**	**1,636**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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	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
Loss allowance on trade receivables	307	(175)	-	132
Right-of-use assets	(1,356)	(100)	-	(1,456)
Lease liability	1,488	180	-	1,668
Provision for gratuity and leave encashment	531	173	31	735
Others	229	3	-	232
Deferred tax assets (net)	**697**	**359**	**190**	**1,246**

10 B Deferred tax liabilities (net)

	March 31, 2024	March 31, 2023
Deferred tax liabilities (net)	1,303	2,060
	1,303	**2,060**

Significant components and movement in deferred tax assets and liabilities during the year ended March 31, 2024 :

	April 01, 2023	Recognised in profit or loss [charge/(credit)]	Recognised in Other comprehensive income #	Foreign currency translation reserve	March 31, 2024
Property, plant and equipment and intangible assets	2,346	(448)	-	4	1,902
Interest payable	-	(38)	-	-	(38)
Loss allowance on trade receivables	(57)	(3)	-	-	(60)
Equity instrument at FVOCI	(74)	-	(277)	-	(351)
Provision for gratuity and leave encashment	(77)	(22)	8	-	(91)
Others	(78)	19	-	-	(59)
Deferred tax liabilities (net)	**2,060**	**(492)**	**(269)**	**4**	**1,303**

#excludes impact of Foreign currency translation reserve

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 45	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)
Deferred tax liabilities (net)	**468**	**1,903**	**(262)**	**(82)**	**33**	**2,060**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

11 Investments

Non-current

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

	March 31, 2024	March 31, 2023
Unquoted		
** (March 31, 2023 : 334) Series A Common Shares of $ 0.01 par value of TECH4TH Solutions Inc. - refer note 36	-	1,296
	-	**1,296**

The Group invested US$ 2,005,000 (₹ 1,672 Lakhs) in Tech4TH Solutions Inc (Tech4TH) and held 23.5% for the year ended 31st March, 2023. The Group determined that it does not exercise significant influence on Tech4TH as the Group 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. During the year ended March 31, 2024, the Group conducted an impairment test on this investment. Due to a notable decline in Tech4TH's performance, the Group deemed it necessary to fully impair 100% investment.

12 Trade receivables

Carried at amortised cost

	March 31, 2024	March 31, 2023
Current		
Trade receivables - others	24,735	21,051
Trade receivables - related party - refer note 39	709	268
Total trade receivables	**25,444**	**21,319**
Break-up for security details		
Unsecured, considered good	26,601	22,100
	26,601	**22,100**
Impairment allowance		
Unsecured, considered good	(1,157)	(781)
Trade receivables net of impairment	**25,444**	**21,319**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

Trade receivables Ageing Schedule:

As at March 31, 2024	Outstanding for the following periods from the due date of payment						Total
	Current but not due	Less than 6 months	6months-1 years	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables - considered good	18,423	7,372	103	-	-	-	25,898
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	45	143	286	220	9	703
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Total	**18,423**	**7,417**	**246**	**286**	**220**	**9**	**26,601**
Less: Impairment allowance							(1,157)
Total							**25,444**

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	6months-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	-	-	-	-	-	-	-
Total	**14,955**	**6,420**	**389**	**307**	**14**	**15**	**22,100**
Less: Impairment allowance							(781)
Total							**21,319**

(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 39

(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 39.

(iv) For unbilled revenue refer note 7

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

13 Cash and cash equivalents

	March 31, 2024	March 31, 2023
Balances with banks:		
- in current accounts	4,511	5,346
- in EEFC accounts	4,759	1,653
Deposits with original maturity of less than three months - refer note below	2,200	-
	11,470	**6,999**

Note:

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

14 Bank and bank balance other than cash and cash equivalents

	March 31, 2024	March 31, 2023
Fixed deposit	1,11,258	46,175
Margin money deposits - refer note (i) below	10,900	15,997
Balances with bank in unpaid dividend account	25	12
	1,22,183	**62,184**
(i) Margin money deposit is used to secure:		
Working capital facility and bank overdrafts	10,900	15,200
Term loan - Federal bank	-	790
Guarantees given	-	7

15 Share Capital

Equity share capital

i) **Authorised share capital**

	Numbers	Amount
Equity share capital of ₹ 2 each		
As at April 01, 2022	**22,93,00,000**	**4,586**
Increase during the year	-	-
As at March 31, 2023	**22,93,00,000**	**4,586**
Increase during the year	-	-
As at March 31, 2024	**22,93,00,000**	**4,586**

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

	Numbers	Amount
Equity share capital of ₹ 2 each, fully paid up		
As at April 01, 2022	**14,26,08,867**	**2,854**
Exercise of share options - refer note (1) below	5,79,688	12
As at March 31, 2023	**14,31,88,555**	**2,866**
Issue of shares	54,11,255	106
Exercise of share options - refer note (1) below	7,54,616	15
As at March 31, 2024	**14,93,54,426**	**2,987**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

(1) During the year ended March 31, 2024, Employee Stock Option Trust (ESOP trust) issued 7,54,616 (March 31, 2023 - 5,79,688) equity shares to the employees upon exercise of employee stock options.

(2) The outstanding equity shares as at April 01, 2022, March 31, 2023 and March 31, 2024 are presented net of treasury shares.

(3) The Company raised capital of ₹ 50,000 Lakhs through Qualified Institutions Placement ("QIP") of equity shares. The Fund-Raising Committee of the Board of Directors of the Company, at its meeting held on July 14, 2023, approved the allotment of 54,11,255 equity shares of face value ₹ 2 each to eligible investors at a price ₹ 924 per equity share (including a premium of ₹ 922 per equity share).

(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, 2024		March 31, 2024	
	No of Shares	Holding percentage	No of Shares	Holding percentage
Equity shares of ₹ 2 each fully paid				
Mr. Ashok Soota (Promoter)	5,83,82,277	39.09%	6,00,75,393	41.96%
Ashok Soota Medical Research LLP	1,79,48,784	12.02%	1,79,48,784	12.54%

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

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

(vi) Details of shares held by promoters

As at March 31, 2024	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	6,00,75,393	(16,93,116)	5,83,82,277	39.09%	-2.82%
Equity shares of ₹ 2 each fully paid	Ashok Soota Medical Research LLP	1,79,48,784	-	1,79,48,784	12.02%	0.00%

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%

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

16 Instrument entirely in the nature of equity

i) Authorised share capital

	Numbers	Amount
Series A 14% Non Cumulative Compulsorily Convertible Preference shares of ₹ 652 each		
As at April 1, 2022	**2,00,000**	**1,304**
Decrease during the year - refer note below	-	-
As at March 31, 2023	**2,00,000**	**1,304**
Change during the year	-	-
As at March 31, 2024	**2,00,000**	**1,304**

(ii) Terms/ rights attached to convertible preference shares

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

Holders of CCPS are entitled to participate in the surplus proceeds (which is subject to a limit of two times the amount invested) from the liquidation event, if any, on a pro-rata basis along with all other holders of equity shares on a fully diluted basis.

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

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

1. On expiry of the conversion period.
2. Later of (a) Date of filing Red herring prospectus with SEBI (b) Such other date as may be permitted by law in connection with Qualified IPO.
3. Upon the holders of a majority of the investors shares exercising the conversion right with respect to preference shares held by them

(iii) Treasury shares

	No of shares
As at April 01, 2022	**42,54,689**
Issue for cash on exercise of share options	(5,79,688)
As at March 31, 2023	**36,75,001**
Issue for cash on exercise of share options	(7,54,616)
As at March 31, 2024	**29,20,385**

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

17 Other equity

	March 31, 2024	March 31, 2023
Securities premium account	90,318	41,556
Retained earnings	55,042	39,064
Cash flow hedge reserve	(28)	(330)
Foreign currency translation reserve	861	737
Share options outstanding reserve	163	266
Equity instrument through Other comprehensive income (OCI)	(1,319)	(277)
	1,45,037	**81,016**
a) Securities premium account		
Opening balance	41,556	41,205
Transaction costs, net of recovery or reimbursement of expense on issue of shares	(1,444)	-
On issue of shares - refer note 15 (ii) (3)	49,894	
Exercise of share option by employees	164	135
Transferred from ESOP reserve for options exercised	144	216
Transferred from Retained earnings for options exercised	4	-
Closing balance	**90,318**	**41,556**
b) Retained earnings		
Opening balance	39,064	21,773
Profit for the year	24,839	23,099
Other comprehensive income recognised directly in retained earnings	(259)	(116)
Dividend - refer note 18	(8,604)	(5,715)
Transferred from share option outstanding reserve for options forfeited	6	23
Transferred to securities premium on options exercised	(4)	-
Closing balance	**55,042**	**39,064**
c) Cash flow hedge reserve		
Opening balance	(330)	143
Net movement on effective portion of cash flow hedges - refer note 37 (B)	302	(473)
Closing balance	**(28)**	**(330)**
d) Foreign currency translation reserve		
Opening balance	737	220
Additions during the period	124	517
Closing balance	**861**	**737**
e) Share options outstanding reserve		
Opening balance	266	385
Employee compensation expense for the year - refer note 44	47	120
Transferred to retained earnings for options forfeited	(6)	(23)
Transferred to securities premium for options exercised	(144)	(216)
Closing balance	**163**	**266**
f) Equity instrument through Other comprehensive income (OCI)		
Opening balance	(277)	-
Additions during the period, net of taxes - refer note 36 (v)	(1,042)	(277)
Closing balance	**(1,319)**	**(277)**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

Note

(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.

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.

18 Distribution made

	March 31, 2024	March 31, 2023
Dividends on equity shares declared and paid :		
Final dividend paid for the year ended on March 31, 2023 : 3.4/- per share (March 31, 2022 : ₹ 2/- per share)	4,879	2,856
Interim dividend for the year ended on March 31, 2024 : ₹ 2.5/- per share (March 31, 2023 : 2/- per share)	3,725	2,859
	8,604	**5,715**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

19 Borrowings

Carried at amortised cost

	March 31, 2024	March 31, 2023
Non current		
Secured		
Term loan from bank		
Foreign currency term loan - refer note (a) below	-	1,870
Rupee term loan - refer note (b) below	11,278	11,986
	11,278	**13,856**
Less: Current maturities of foreign currency term loan	-	(1,870)
Less: Current maturities of rupee term loan	(833)	(708)
Total non-current borrowings	**10,445**	**11,278**
Current		
Secured		
Loans from banks		
Foreign currency loan (PCFC) - refer note (d)	19,886	18,980
Bank overdraft - refer note (f) below	573	7,119
Unsecured		
Loans from banks		
Foreign currency loan (PCFC) - refer note (e)	-	2,300
Redeemable non-convertible debentures - refer note (c) below	12,500	4,500
Current maturities of term loans		
Foreign currency term loan from bank - refer note (a) below	-	1,870
Rupee term loan from bank - refer note (b) below	833	708
Total current borrowings	**33,792**	**35,477**

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, 2023 : 3.2% per annum). The loan is repayable in 36 equal monthly instalments commencing from February 28, 2021 and has matured on Jan 29, 2024. The loan was 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.). The loan has been repaid in full during current financial year

(b) Rupee term loan of ₹ 12,430 Lakhs from Federal bank carries an effective interest rate of 7.9% per annum (March 31, 2023 : 7.9%). 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 building -SJR Equinox, including the land comprised therein, situated at Electronic City, Bengaluru. The loan is secured by way of exclusive charge on such land and building together with all the fixtures in the building along with lien on fixed deposits equivalent to three months equated monthly instalments (refer note 7).

The Company has entered into an Cross currency interest rate swap with respect to aforementioned loan over the tenure, which has resulted in an effective interest rate of 4.21% per annum.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

(c) 4,500 rated, listed, negotiable, unsecured, redeemable non-convertible debentures (NCDs) aggregating to ₹ 4,500 Lakhs were issued during FY 22-23 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 has been utilised for general corporate purpose. The investor and the issuer has put and call option respectively, 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. Consequently, the NCDs are classified as current borrowings.

During the year, the company has issued 4,500 and 3,500 rated, listed, negotiable, unsecured, redeemable non-convertible debentures (NCDs) aggregating to ₹ 8,000 Lakhs 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 respective allotment. NCDs were allotted on 8th May, 2023 and 26th September, 2023 respectively and will mature on 8th May, 2026 and 26th September 2026 respectively. The proceeds from NCDs has been utilised for general corporate purpose. The investor and the issuer has put and call option respectively, 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. Consequently, the NCDs are classified as current borrowings.

(d) PCFC loan taken from Kotak Mahindra carries an interest rate ranging 5.85% to 6.14% p.a. (March 31, 2023 - 4.91% to 5.51% p.a) and is repayable within 90-120 days.

PCFC loan taken from RBL bank carries an interest rate ranging 6.15% to 6.24% p.a. (March 31, 2023 - 5.68% to 5.88% p.a.) and is repayable within 90-120 days.

PCFC loan taken from Federal bank carries an interest rate of 6.16% p.a. (March 31, 2023 - 5.55% to 5.66% p.a.) and is repayable within 90-120 days.

PCFC loan taken from ICICI bank carries an interest rate of 4.76% to 6.16% p.a. (March 31, 2023 - 5.89% to 5.96% p.a.) and is repayable within 90-120 days.

PCFC loan taken from Axis bank carries an interest rate of 6.16% p.a. (March 31, 2023 - 5.89% to 5.96% p.a.) and is repayable within 90-180 days.

PCFC loan taken from Citibank carries an interest rate of 6.15% to 6.18% p.a. (March 31, 2023 - nil) and is repayable within 90-120 days.

All PCFCs are fully secured by way of pari-passu charge on current assets of the Company.

(e) PCFC loan taken in previous year from Axis bank was unsecured and carried an interest rate of 5.98% p.a and was repayable within 90 days.

(f) Overdraft facility from SBI bank amount to ₹ 9,500 Lakhs (March 31, 2023 - ₹ 15,000 Lakhs) carries an interest rate of 8.50% p.a. (March 31, 2023 - 7.95% p.a) and is repayable on demand. Amount utilised as at March 31, 2024 is 573 Lakhs (March 31, 2023 - ₹ 7,119 Lakhs). Overdraft facility is fully secured by the way of lien on fixed deposit of ₹ 10,700 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. Monthly statement of book debts 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, 2024

(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#	Current borrowings##
As at April 01, 2022	**3,793**	**15,271**
Acquisition of subsidiary	-	104
Financing cash flows (net)	9,774	9,117
Non cash movements:		
Amortisation of transaction cost	18	-
Foreign exchange difference	271	1,288
As at March 31, 2023	**13,856**	**25,780**
Financing cash flows (net)	(2,608)	6,561
Non cash movements:		
Amortisation of transaction cost	17	-
Foreign exchange difference	13	45
As at March 31, 2024	**11,278**	**32,386**

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

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

20 Lease liabilities

Carried at amortised cost

	March 31, 2024	March 31, 2023
Non current		
Lease liabilities	6,982	6,620
	6,982	**6,620**
Less: Current maturities of lease liabilities	(2,412)	(1,859)
Total non-current Lease liabilities	**4,570**	**4,761**
Current		
Lease liabilities	2,412	1,859
Total current lease liabilities	**2,412**	**1,859**

(i) Movement in lease liabilities for year ended March 31, 2024 and March 31, 2023

	March 31, 2024	March 31, 2023
Balance at beginning of the year	6,620	5,911
Additions	2,523	4,209
Finance cost incurred during the period - refer note 30	614	544
Disposal	-	(1,431)
Payment of lease liabilities	(2,775)	(2,548)
Rent concession - refer note 27	-	(71)
Exchange difference	-	6
Balance at the end of the year	**6,982**	**6,620**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

(ii) The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2024 and March 31, 2023

	March 31, 2024	March 31, 2023
Less than one year	2,925	2,364
One to five years	5,074	5,374
More than five years	-	-

(iii) The Group had total cash outflow of ₹ 2,775 Lakhs during the year ended March 31, 2024 (March 31, 2023 - ₹ 2,548 Lakhs) for leases recognized in balance sheet. The Group has made a non-cash addition to lease liabilities of ₹ 2,523 Lakhs during the year ended March 31, 2024 (March 31, 2023 - ₹ 4,209 Lakhs).

21 Other financial liabilities

	March 31, 2024	March 31, 2023
Non-Current		
Carried at fair value through profit or loss		
Contingent consideration - refer note 36 (iv) and 36 (v)	-	1,292
	-	**1,292**
Carried at fair value through other comprehensive income		
Cash flow hedges		
Cross currency interest rate swap - refer note 37 (B)	401	704
	401	**704**
Total non - current financial liabilities	**401**	**1,996**
Current		
Carried at amortised cost		
Employee related liabilities	3,932	3,815
Unpaid dividend	26	13
Capital creditors	303	386
Accrued interest payable	92	6
	4,353	**4,220**
Carried at fair value through profit or loss		
Contingent consideration - refer note 36 (iv) and 36 (v)	1,389	2,941
	1,389	**2,941**
Carried at fair value through Other Comprehensive Income		
Cash flow hedges		
Foreign currency forward contracts - refer note 37 (B)	68	267
	68	**267**
Total other current financial liabilities	**5,810**	**7,428**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

22 Provisions

	March 31, 2024	March 31, 2023
Non-current		
Provision for gratuity - refer note 35	3,338	2,466
	3,338	**2,466**
Current		
Provision for compensated absences	2,126	1,746
Provision for warranty	10	29
	2,136	**1,775**

Movement during the year - Provision for warranty	**Amount**
Balance as at April 01, 2022	**26**
Arising during the year	-
Utilised/ reversed during the year	-
Exchange (gain)/ loss	3
Balance as at March 31, 2023	**29**
Arising during the year	1
Utilised/ reversed during the year	(20)
Exchange (gain)/ loss	-
Balance as at March 31, 2024	**10**

23 Contract liabilities

	March 31, 2024	March 31, 2023
Current		
Unearned revenue - refer note (i) below	1,825	1,157
	1,825	**1,157**

(i) The Group has rendered the service and have recognised the revenue of ₹ 964 Lakhs (March 31, 2023: ₹ 1,346 Lakhs) during the year from the unearned revenue balance at the beginning of the year.

24 Trade payables

Carried at amortised cost

	March 31, 2024	March 31, 2023
Total outstanding dues of micro enterprises and small enterprises - refer note (iii) below	165	83
Total outstanding dues of creditors other than micro enterprises and small enterprises	7,750	6,969
	7,915	**7,052**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

Trade payables Ageing Schedule

As at March 31, 2024	Outstanding for the following periods from the due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	165	-	-	-	165
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,052	8	-	2	1,062
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Provision for expenses	-	-	-	-	6,688
	1,217	**8**	**-**	**2**	**7,915**

As at March 31, 2023	Outstanding for the following periods from the due date of payment				Total
	Less than 1 year	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
	983	**-**	**12**	**-**	**7,052**

Terms and conditions of above trade payables:

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

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

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

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

Particulars	March 31, 2024	March 31, 2023
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	165	83
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, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	March 31, 2024	March 31, 2023
(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

25 Other liabilities

	March 31, 2024	March 31, 2023
Current		
Statutory dues payable	2,762	2,229
Other payables	34	146
	2,796	**2,375**

26 Revenue from contracts with customers

	For the year ended	
	March 31, 2024	March 31, 2023
Revenue from service	1,62,383	1,42,753
Revenue from license (net)	287	324
Gross revenue from operations	**1,62,670**	**1,43,077**
Less : cash discounts	(204)	(148)
Net revenue from operations	**1,62,466**	**1,42,929**
Revenue from service	1,62,179	1,42,605
Revenue from license (net)	287	324
	1,62,466	**1,42,929**

26.1 Disaggregated revenue information

Segment	For the year ended March 31, 2024			
	Infrastructure Management & Security Services	Digital Business Services	Product Engineering Services	Total
Revenue from contract with customers	29,746	47,591	85,129	1,62,466
Total revenue from contracts with customers	**29,746**	**47,591**	**85,129**	**1,62,466**
India	8,188	6,212	12,268	26,668
Outside India	21,558	41,379	72,861	1,35,798
Total revenue from contracts with customers	**29,746**	**47,591**	**85,129**	**1,62,466**
Timing of revenue recognition				
Licenses transferred at a point in time	287	-	-	287
Fixed price project - services transferred over time	13,839	16,420	7,464	37,723
Time and material - services transferred over time	15,620	31,171	77,665	1,24,456
Total revenue from contracts with customers	**29,746**	**47,591**	**85,129**	**1,62,466**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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
Total revenue from contracts with customers	**30,694**	**43,070**	**69,165**	**1,42,929**
India	10,941	4,936	7,171	23,048
Outside India	19,753	38,134	61,994	1,19,881
Total revenue from contracts with customers	**30,694**	**43,070**	**69,165**	**1,42,929**
Timing of revenue recognition				
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
Total revenue from contracts with customers	**30,694**	**43,070**	**69,165**	**1,42,929**

26.2 Contract balances

	March 31, 2024	March 31, 2023
Trade receivables	25,444	21,319
Unbilled revenue	11,604	10,532
Contract assets	1,593	1,660
Contract liability	1,825	1,157

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

	For the year ended	
	March 31, 2024	March 31, 2023
Revenue as per contract price	1,63,433	1,43,413
Discount	(967)	(484)
Revenue from contract with customers	**1,62,466**	**1,42,929**

26.4 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 ₹ 818 Lakhs (March 31, 2023: ₹ 8,488 Lakhs). The revenue for remaining performance obligation is expected to be recognised over period of 1-3 years (March 31, 2023: 1-3 years).

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

27 Other income

	For the year ended	
	March 31, 2024	March 31, 2023
Interest income on:		
Deposits with bank	7,921	2,568
Financial instrument measured at amortised cost	37	42
	7,958	**2,610**
Gain on sale of investments measured at FVTPL	18	803
Exchange gain	459	(1,433)
Rent concession - refer note (i) below	-	71
Miscellaneous income	102	60
	579	**(499)**
	8,537	**2,111**

Note:

(i) During the year ended March 31, 2023, 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.

28 Employee benefits expense

	For the year ended	
	March 31, 2024	March 31, 2023
Salaries, wages and bonus	94,291	74,999
Contribution to provident fund	4,675	3,768
Employee stock compensation expense - refer note 44	47	120
Gratuity expense - refer note 35	876	559
Compensated absences	1,025	831
Staff welfare expenses	555	404
	1,01,469	**80,681**

29 Depreciation and amortisation expense

	For the year ended	
	March 31, 2024	March 31, 2023
Depreciation of property, plant and equipment - refer note 3	495	248
Amortisation of intangible assets - refer note 4	2,675	1,417
Depreciation of right-of-use assets - refer note 5	2,659	2,526
	5,829	**4,191**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

30 Finance costs

	For the year ended	
	March 31, 2024	March 31, 2023
Interest expense on:		
Borrowings	2,460	1,548
Non convertible debenture	948	10
Lease liabilities - refer note 20	614	544
Unwinding of interest in contingent consideration - refer note 36 (v)	205	84
	4,227	**2,186**

31 Other expenses

	For the year ended	
	March 31, 2024	March 31, 2023
Power and fuel	567	441
Subcontractor charges	12,851	14,916
Repairs and maintenance		
- Buildings	335	186
- Equipments	68	45
- Others	483	364
Rent expenses - refer note (ii) below	549	349
Advertising and business promotion expenses	873	655
Commission	45	46
Communication costs	266	234
Insurance	138	118
Legal and professional fees	1,040	550
Audit fees - refer note (i) below	104	88
Loss on property, plant and equipment sold / scrapped, net	1	1
Software license cost	4,775	3,946
Rates and taxes	91	55
Recruitment charges	787	982
Impairment loss allowance on trade and unbilled receivables	530	-
Sitting fees to non-executive directors - refer note 39	70	43
Commission to non-executive directors - refer note 39	25	37
Corporate social responsibility ('CSR') expenditure - refer note 40	470	336
Travelling and conveyance	2,753	2,366
Postage and courier	40	86
Training expense	413	379
Miscellaneous expenses	138	139
	27,412	**26,362**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

(i) Payment to auditors:

	For the year ended	
	March 31, 2024	March 31, 2023
As auditor:		
Audit fee	98	85
In other capacity		
Certification fees (includes ₹ 200 Lakhs towards issue of shares in the current year debited to securities premium)	205	-
Reimbursement of expenses	2	3
	305	**88**

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

32 Exceptional Items

	For the year ended	
	March 31, 2024	March 31, 2023
Gain/(Loss) on derecognition of contingent consideration	1,402	(634)
	1,402	**(634)**

Note:

(i) On January 1, 2023, the Group obtained operational and management control of Sri Mookambika Infosolutions Private Limited ('SMI'), a Madurai based Company which provides IT services, through a Control Agreement. 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 payable over the next 2 years subject to achievement of set targets.

The contingent consideration was classified as a financial liability as per Ind AS 109 'Financial Instruments' and was measured at fair value. The Accounting Standard mandates that any subsequent changes in such fair value will have to be recognized in the statement of profit and loss. The total consideration for acquisition of SMI includes a contingent consideration payable over a period of 2 years ending December 31, 2024. The Group has re-measured the fair value of the liability and the change in fair value of ₹ 143 Lakhs (March 31, 2023: Nil) is recognized as gain in the statement of profit and loss and disclosed as an 'Exceptional Item' for the year ended March 31, 2024.

(ii) The Group had acquired 100% Equity 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 as per Ind AS 109 'Financial Instruments' and was measured at fair value. The Accounting Standard mandates that any subsequent changes in such fair value will have to be recognized in the statement of profit and loss. The Group has re-measured the fair value of the liability and the change in fair value has been recognised in the statement of profit and loss and disclosed as an 'Exceptional Item' for the quarter and year ended March 31, 2024. The Group has re-measured the fair value of the liability and the changes in the fair value of ₹ 1,259 Lakhs (March 31, 2023: ₹ (634) Lakhs) is recognized as gain/(loss) on derecognition of contingent consideration in the statement of profit and loss and disclosed as an 'Exceptional Item' for the year ended March 31, 2024.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

33 Income tax expense

	For the year ended	
	March 31, 2024	March 31, 2023
a) Statement of profit and loss		
Current tax	9,518	8,508
Deferred tax credit	(889)	(621)
Income tax expense	**8,629**	**7,887**
b) Statement of other comprehensive income		
On net movement on effective portion of cash flow hedges	(101)	159
On re-measurement losses on defined benefit plans	87	39
On net loss on equity instruments carried at fair value through OCI	277	74
	263	**272**
Reconciliation of tax expense and tax based on accounting profit:		
Profit before income tax expense	33,468	30,986
Tax at the Indian tax rate of 25.17% (March 31, 2023 : 25.17%)	8,424	7,799
Tax effect of:		
Adjustment of tax relating to earlier periods	89	-
Expenses not deductible	124	95
Difference in tax rates	(94)	(101)
Others	85	94
Income tax expense	**8,629**	**7,887**

34 Earnings per share ['EPS']

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

	For the year ended	
	March 31, 2024	March 31, 2023
Profit after tax attributable to equity holders of the Parent (a) (₹ in Lakhs)	24,839	23,099
Weighted average number of shares outstanding during the year for basic EPS (b)	14,84,59,435	14,31,81,324
Weighted average number of shares outstanding during the year for diluted EPS (c)	14,84,69,587	14,42,60,047
Basic Earning per share (in ₹) (a/b)	16.73	16.13
Diluted Earnings per share (in ₹) (a/c)	16.73	16.01
Equity shares reconciliation for EPS		
Equity shares outstanding	14,84,59,435	14,31,81,324
Total considered for Basic EPS	**14,84,59,435**	**14,31,81,324**
Add: ESOP options	10,152	10,78,723
Total considered for diluted shares	**14,84,69,587**	**14,42,60,047**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

35 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 ₹ 4,675 Lakhs (March 31, 2023 : ₹ 3,768 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 by 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, 2024	March 31, 2023
Current	-	-
Non-current	3,338	2,466
	3,338	**2,466**

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, 2024:

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 1, 2023	**3,299**	**833**	**2,466**
Current service cost	692	-	692
Net interest expense	245	61	184
Total amount recognised in statement of profit and loss	**937**	**61**	**876**
Benefits paid	(357)	(307)	(50)
Remeasurement			
Return on plan assets	-	(4)	4
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	22	-	22
Experience adjustments	320	-	320
Total amount recognised in other comprehensive income	**342**	**(4)**	**346**
Contributions by employer	-	300	(300)
As at March 31, 2024	**4,221**	**883**	**3,338**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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)
As at April 1, 2022	**2,430**	**572**	**1,858**
Acquisition of subsidiary	380	124	256
Current service cost	453	-	453
Net interest expense	140	34	106
Total amount recognised in statement of profit and loss	**593**	**34**	**559**
Benefits paid	(253)	(247)	(6)
Remeasurement			
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
Total amount recognised in other comprehensive income	**149**	**(5)**	**154**
Contributions by employer	-	355	(355)
As at March 31, 2023	**3,299**	**833**	**2,466**

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

	March 31, 2024	March 31, 2023
Insurance fund	883	833
Total	**883**	**833**

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

	March 31, 2024	March 31, 2023
Discount rate	4.60% - 7.29%	7.29% - 7.41%
Expected return on plan assets	7.21% - 7.29%	7.29% - 7.41%
Future salary increases	4% p.a. - 8% p.a	5% p.a. - 8% p.a
Employee turnover	10% - 25%	10% - 25%
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, 2024		March 31, 2023	
		Defined benefit obligation on increase/decrease in assumptions			
		Increase	Decrease	Increase	Decrease
Discount rate	1% increase / decrease	(141)	153	(92)	100
Future salary increase	1% increase / decrease	146	(138)	96	(92)
Attrition rate	1% increase / decrease	(23)	22	(18)	18

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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, 2024 is ₹ 454 Lakhs (March 31, 2023 : ₹ 462 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, 2023: 4 to 8 years). The expected maturity analysis of undiscounted gratuity is as follows:

	March 31, 2024	March 31, 2023
Within the next 12 months	853	651
Between 2 and 5 years	2,425	1,918
Between 6 and 10 years	1,478	1,166
Beyond 10 years	948	775

36 Fair value measurement

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

	March 31, 2024	March 31, 2023
Measured at Fair Value Through Other Comprehensive Income (FVOCI)		
Foreign currency forward contracts	111	166
Cross currency interest rate swap	319	363
Investment in TECH4TH Solutions Inc.	-	1,296
Total financial assets measured at FVOCI	**430**	**1,825**
Measured at Fair Value Through Statement of Profit and Loss (FVTPL)		
Investment in mutual funds	-	-
Total financial assets measured at FVTPL	**-**	**-**
Measured at amortised cost		
Security deposits	926	747
Loans to employees	37	64
Other financial assets	14,974	20,350
Trade receivables	25,444	21,319
Bank and bank balance other than cash and cash equivalents	1,22,183	62,184
Cash and cash equivalents	11,470	6,999
Total financial assets measured at amortised cost	**1,75,034**	**1,11,663**
Total financial assets	**1,75,464**	**1,13,488**

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

	March 31, 2024	March 31, 2023
Measured at fair value through other profit or loss (FVTPL)		
Contingent consideration	1,389	4,233
Total financial liabilities measured at FVTPL	**1,389**	**4,233**
Measured at fair value through other comprehensive income (FVOCI)		
Foreign currency forward contracts	68	267
Cross currency interest rate swap	401	704
Total financial liabilities measured at FVOCI	**469**	**971**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

	March 31, 2024	March 31, 2023
Measured at amortised cost		
Foreign currency term loan	11,278	13,856
Redeemable non-convertible debentures	12,500	4,500
Foreign currency loan (PCFC)	19,886	21,280
Bank Overdraft	573	7,119
Lease liabilities	6,982	6,620
Trade payables	7,915	7,052
Other financial liabilities	4,353	4,220
Total financial liabilities measured at amortised cost	**63,487**	**64,647**
Total financial liabilities	**65,345**	**69,851**

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, 2024			
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	111	-	111
Cross currency interest rate swap	-	319	-	319
Investment in mutual funds	-	-	-	-
Investment in TECH4TH Solutions Inc.	-	-	-	-
Total financial asset measured at fair value	**-**	**430**	**-**	**430**
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	68	-	68
Cross currency interest rate swap	-	401	-	401
Measured at fair value through statement of profit and loss (FVTPL)				
Contingent consideration	-	-	1,389	1,389
Total financial liabilities measured at fair value	**-**	**469**	**1,389**	**1,858**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
		March 31, 2023		
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	166	-	166
Cross currency interest rate swap	-	363	-	363
Investment in TECH4TH Solutions Inc.	-	-	1,296	1,296
Total financial asset measured at fair value	**-**	**529**	**1,296**	**1,825**
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	267	-	267
Cross currency interest rate swap	-	704	-	704
Measured at fair value through statement of profit and loss (FVTPL)				
Contingent consideration	-	-	4,233	4,233
Total financial liabilities measured at fair value	**-**	**971**	**4,233**	**5,204**

Notes:

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

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

b) The fair valuation of Investment in TECH4TH Solutions Inc. is determined on the reporting date by discounted cash flow method 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.

c) 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.

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

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

f) The fair value of remaining financial instruments are determined on transaction date based on discounted cash flows calculated using lending/ borrowing rate. Subsequently, these are carried at amortized cost. The carrying amount of the remaining financial instruments are the reasonable approximation of their fair value.

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

iv) Valuation Inputs and relationship to fair value

	Level 3 inputs	Weighted range	Sensitivity
		March 31, 2024	
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 ₹ 45 Lakhs and ₹ 14 Lakhs respectively.
	Discount rate	7%	Increase and decrease in discount rate by 1% would decrease and increase contingent consideration by ₹ 1 Lakhs and ₹ 19 Lakhs respectively.

	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%	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%	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.

v) Reconciliation of Contingent consideration measured at FVTPL

	March 31, 2024	March 31, 2023
As at April 1	**4,233**	**2,758**
Acquisition of subsidiary	-	2,562
Amount recognised in profit and loss statement - refer note 30	205	718
Gain on derecognition of contingent consideration - refer note 32	(1,402)	-
Settlement during the year	(1,659)	(2,034)
Foreign currency translation reserve	12	229
As at March 31	**1,389**	**4,233**

Reconciliation of Investment in TECH4TH Solutions Inc. measured at FVOCI

	March 31, 2024	March 31, 2023
As at April 1	**1,296**	**762**
Investment during the period	-	827
Change in fair value recognised in other comprehensive income	(1,319)	(351)
Foreign currency translation reserve	23	58
As at March 31	**-**	**1,296**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

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37 Financial risk management

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

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

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.

i. Foreign currency risk

The group 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, 2024		March 31, 2023	
		FC	₹	FC	₹
	Financial assets				
USD	Trade receivables	202	16,829	198	16,296
	Loans	-	-	32	2,627
	Other financial assets	92	7,627	106	8,683
	Bank accounts	88	7,366	39	3,198
	Other assets	2	169	-	-
	Net exposure on foreign currency risk (assets)	**406**	**33,848**	**375**	**30,804**
	Financial liability				
	Borrowings	226	18,807	282	23,163
	Trade payables	7	612	30	2,479
	Other financial liabilities	36	2,964	6	502
	Other liabilities	6	496	5	378
	Net exposure on foreign currency risk (liabilities)	**274**	**22,878**	**323**	**26,522**
	Net exposure on foreign currency risk (assets-liabilities)	**132**	**10,970**	**52**	**4,282**

Currency	Particulars	March 31, 2024		March 31, 2023	
		FC	₹	FC	₹
EURO	**Financial assets**				
	Trade receivables	8	723	10	859
	Other financial assets	5	481	7	588
	Bank accounts	2	198	5	468
	Other assets	*	10	*	3
	Net exposure on foreign currency risk (assets)	**16**	**1,411**	**22**	**1,918**
	Financial liability				
	Borrowings	12	1079	-	-
	Trade payables	*	*	*	*
	Other liabilities	1	54	1	63
	Net exposure on foreign currency risk (liabilities)	**13**	**1,134**	**1**	**63**
	Net exposure on foreign currency risk (assets-liabilities)	**3**	**278**	**21**	**1,855**
GBP	**Financial assets**				
	Trade receivables	6	598	6	598
	Other financial assets	1	155	3	354
	Bank accounts	2	194	2	208
	Other assets	*	32	*	16
	Net exposure on foreign currency risk (assets)	**9**	**979**	**11**	**1,176**
	Financial liability				
	Trade payables	1	68	2	162
	Other financial liabilities	4	439	2	212
	Other liabilities	1	76	1	112
	Net exposure on foreign currency risk (liabilities)	**6**	**583**	**5**	**486**
	Net exposure on foreign currency risk (assets-liabilities)	**3**	**395**	**6**	**690**

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 37(B)

* Represents number below rounding off norms of the Company.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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

	Impact on profit before tax	
	March 31, 2024	**March 31, 2023**
USD sensitivity		
₹ / USD increases by 5%	548	214
₹ / USD decreases by 5%	(548)	(214)
EURO sensitivity		
₹ / EURO increases by 5%	14	93
₹ / EURO decreases by 5%	(14)	(93)
GBP sensitivity		
₹ / GBP increases by 5%	20	35
₹ / GBP decreases by 5%	(20)	(35)

* 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 debentures (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.

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, 2024 and 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, 2024	**March 31, 2023**
NAV increases by 5%	-	-
NAV decreases by 5%	-	-

Refer note 36 (iv) for sensitivity disclosure of investment in TECH4TH Solutions Inc.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

B) Impact of Hedge activities

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

	March 31, 2024					
	Maturity	**Currency**	**Notional Amount (Foreign Currency)**	**Contracted amount in ₹**	**Lime item in the balance sheet**	**Fair value***
Cash flow hedge of Foreign currency risk (for highly probable forecast transactions)						
- Foreign currency forward contracts	< 1 year	₹ /USD	575	48,301	Other financial assets/(liabilities)	45
- Foreign currency forward contracts	< 1 year	₹ /EURO	22	2,005	Other financial assets/(liabilities)	(2)
- Cross currency interest rate swaps	<1 year	₹ /USD	10	838	Other financial assets/(liabilities)	
	1-5 year	₹ /USD	78	6,225	Other financial assets/(liabilities)	(82)
	> 5year	₹ /USD	53	4,254	Other financial assets/(liabilities)	

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

	March 31, 2024					
	Maturity	**Currency**	**Notional Amount (Foreign Currency)**	**Contracted amount in ₹**	**Line item in the balance sheet**	**Fair value* gain/(loss)**
Cash flow hedge of Foreign currency risk (for highly probable forecast transactions)						
- 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)	
	1-5 year	₹ /USD	52	4,167	Other financial assets/(liabilities)	(341)
	> 5year	₹ /USD	90	7150	Other financial assets/(liabilities)	

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(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
Balance as at April 1, 2022	**143**	**-**	**143**
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
Balance as at March 31, 2023	**(75)**	**(255)**	**(330)**
Hedge gain/(loss) recognised in Other Comprehensive Income (OCI)	43	(82)	(39)
Amount reclassified from OCI to statement of profit and loss	101	341	442
Income tax effect	(36)	(65)	(101)
Balance as at March 31, 2024	**33**	**(61)**	**(28)**

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 (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 46.

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

	Not due	1-180 days	181-365 days	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2024							
Trade receivables	18,423	7,417	246	286	220	9	26,601
Unbilled Revenue							13,470
Allowance for expected loss							(1,430)
Net Trade receivables	**18,423**	**7,417**	**246**	**286**	**220**	**9**	**38,641**
As at March 31, 2023							
Trade receivables	14,955	6,420	389	307	14	15	22,100
Unbilled Revenue							12,471
Allowance for expected loss							(1,060)
Net Trade receivables	**14,955**	**6,420**	**389**	**307**	**14**	**15**	**33,511**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

Reconciliation of loss allowance - trade receivables	March 31, 2024	March 31, 2023
Opening balance as at April, 1	(781)	(1,510)
Allowance made during the year (net) - refer note 31	(536)	59
Utilised/written-off during the year	165	709
Exchange difference	(5)	(39)
Closing balance as at March, 31	**(1,157)**	**(781)**

Reconciliation of loss allowance - unbilled revenue and other financial assets	March 31, 2024	March 31, 2023
Opening balance as at April, 1	(280)	(221)
Allowance made during the year - refer note 31	6	(59)
Closing balance as at March, 31	**(274)**	**(280)**

(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, 2024	March 31, 2023
RBL Bank Limited	77	105
Kotak Mahindra Bank Limited	3,498	241
Federal Bank Limited	40	35
ICICI Bank Limited	1,127	1,139
Axis Bank Ltd	2,292	199
Citibank	2,080	-
State Bank of India	8,940	7,881
	18,054	**9,600**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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

Particulars	On demand	Less than 1 year	More than 1 year	Total
As at March 31, 2024				
Borrowings (including current maturities)	573	36,850	13,914	51,337
Lease liabilities	-	2,925	5,082	8,008
Trade payables	-	7,915	-	7,915
Foreign currency forward contracts	-	68	401	469
Contingent consideration	-	1,389	-	1,389
Other financial liabilities #	-	6,141	3,241	9,382
	573	**55,289**	**22,638**	**78,500**
As at March 31, 2023				
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
	7,119	**47,036**	**23,165**	**77,320**

Includes future interest payable on outstanding borrowings

38 Capital management

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

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

Particulars	March 31, 2024	March 31, 2023
Borrowings (including current maturities)	44,237	32,836
Less : Cash and cash equivalents	(11,470)	(6,999)
Net (cash and cash equivalents)/debt (A)	**32,767**	**25,837**
Equity	1,48,024	83,882
Total equity capital (B)	**1,48,024**	**83,882**
Total debt and equity (C)=(A)+(B)	**1,80,791**	**1,09,719**
Gearing ratio (A)/(C)	**18%**	**24%**

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2024 and March 31, 2023.

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

39 Related party disclosure

Key management personnel (KMP)	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)
Relatives of KMP	1.	Mr. Suresh Soota
	2.	Mr. Deepak Soota
	3.	Ms. Kunku Soota
	4.	Mrs. Usha Samuel
	5.	Mrs. Jayalakshmi Venkatraman
Entities under the control of KMP		SKAN Research Trust
		Happiest Health Systems Private Limited
		Ashok Soota Medical Research LLP
Post employment benefit plan (PEBP)		Happiest Minds Technologies Ltd. Employees group gratuity trust
		SMI Pvt Ltd. Employees group gratuity trust

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

		March 31, 2024	March 31, 2023
(i)	**Sale of service**		
	SKAN Research Trust	605	296
	Ashok Soota Medical Research LLP	53	42
	Happiest Health Systems Private Limited	2,788	811
(ii)	**Director's sitting fees:**		
	Mrs. Anita Ramachandran	27	16
	Mr. Rajendra Kumar Srivastava	16	9
	Mrs. Shuba Rao Mayya	27	18
(iii)	**Commission to directors**		
	Mrs. Anita Ramachandran	3	9
	Mr. Rajendra Kumar Srivastava	19	21
	Mrs. Shuba Rao Mayya	3	7
(iv)	**Contribution made to post employee benefit plan:**		
	Happiest Minds Technologies Ltd. Employees group gratuity trust	300	355
(v)	**Legal and professional fees**		
	Happiest Health Systems Private Limited	72	28
(vi)	**Advertising and business promotion expenses**		
	Happiest Health Systems Private Limited	16	-
(vii)	**Managerial remuneration# :**		
	Mr. Venkatraman Narayanan		
	Salary, wages and bonus	155	134
	Employee stock compensation expense	-	3
	Mr. Ashok Soota		
	Salary, wages and bonus	155	128

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

		March 31, 2024	March 31, 2023
	Mr. Praveen Darshankar		
	Salary, wages and bonus	60	55
	Employee stock compensation expense	*	*
	Mr. Joseph Vinod Anantharaju		
	Salary, wages and bonus	415	389
	Employee stock compensation expense	1	4
	# 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		
viii)	**Reimbursement of expenses received:**		
	SKAN Research Trust	-	*
	Happiest Health Systems Private Limited	-	*
ix)	**Dividend paid**		
	Mr. Joseph Vinod Anantharaju	25	17
	Mr. Ashok Soota	3,502	2,403
	Mr. Venkatraman Narayanan	30	20
	Ashok Soota Medical Research LLP	1,059	718
	Deepak Soota	3	2
	Suresh Soota	2	1
	Kunku Soota	1	1
	Usha Samuel	4	3
	Jayalakshmi Venkatraman	7	5
	Praveen Kumar Darshankar	3	2

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

		March 31, 2024	March 31, 2023
(i)	**Trade receivables:**		
	SKAN Research Trust	52	162
	Happiest Health Systems Private Limited	652	101
	Ashok Soota Medical Research LLP	5	5
(ii)	**Unbilled receivables:**		
	SKAN Research Trust	64	*
	Ashok Soota Medical Research LLP	-	26
	Happiest Health Systems Private Limited	-	45
(iii)	**Trade Payables**		
	Happiest Health Systems Private Limited	2	3
(iv)	**Commission payable**		
	Mrs. Anita Ramachandran	3	9
	Mr. Rajendra Kumar Srivastava	19	21
	Mrs. Subha Rao Mayya	3	7

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 2024, 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.

* amount below rounding off norm of the Group

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

40 Corporate Social Responsibility ('CSR') expenditure

Details of CSR expenditure are as follows:

			March 31, 2024	March 31, 2023
(a)	Gross amount required to be spent by the Group during the year		466	322
(b)	Amount approved by the board to be spent during the year		470	336
(c)	Amount spent during the year ending on March 31, 2024 :	**In cash**	**Yet to be paid in cash**	**Total**
	i) Construction/ Acquisition of any asset	-	-	-
	ii) On purpose other than above	470	-	450
(d)	Amount spent during the year ending on March 31, 2023 :	**In cash**	**Yet to be paid in cash**	**Total**
	i) Construction/ Acquisition of any asset	-	-	-
	ii) On purpose other than above	336	-	336
(e)	Details related to spent/ unspent obligations:			
	i) Contribution to Public Trust		-	-
	ii) Contribution to Charitable Trust		470	336
	ii) Unspent amount in relation to:			
	- Ongoing project		-	-
	- Other than ongoing project		-	-
			470	**336**

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
-	-	466	470	-

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
(35)	466	470	(39)

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

41 Interest in other entities

a) Subsidiary

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

Name of entity	Principle activity	Country of Incorporation	Ownership interest held by the group %	Ownership interest held by the group %
			March 31, 2024	March 31, 2023
Happiest Minds Inc. (formerly known as PGS Inc.)	IT Services	USA	100%	100%
Sri Mookambika Infosolutions Private Limited	IT Services	India	100%	100%

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

Particular	March 31, 2024							
	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of Consolidated net assets	Amount	As a % of Consolidated profit or loss	Amount	As a % of Consolidated OCI	Amount	As a % of Consolidated TCI	Amount
Parent company								
Happiest Minds Technologies Ltd	99.6%	1,47,370	98.9%	24,573	(2.4%)	21.00	102.6%	24,594
Subsidiary								
Happiest Minds Inc. (formerly known as PGS Inc.)	(0.2%)	(288)	10.4%	2,594	119.1%	(1,042)	6.5%	1,552
Sri Mookambika Infosolutions Private Limited	1.2%	1,836	7.3%	1,821	(2.6%)	23	7.7%	1,844
Other adjustments:	(0.6%)	(894)	(16.7%)	(4,149)	(14.1%)	123	(16.8%)	(4,026)
Total	**100%**	**1,48,024**	**100%**	**24,839**	**100%**	**(875)**	**100%**	**23,964**

Particular	March 31, 2024							
	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of Consolidated net assets	Amount	As a % of Consolidated profit or loss	Amount	As a % of Consolidated OCI	Amount	As a % of Consolidated TCI	Amount
Parent company								
Happiest Minds Technologies Ltd	98.5%	82,598	93.7%	21,637	162.2%	(566)	92.6%	21,071
Subsidiary								
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)
Total	**100%**	**83,882**	**100%**	**23,099**	**100%**	**(349)**	**100%**	**22,750**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

42 Commitments and Contingent Liabilities

i) Capital Commitments

	March 31, 2024	March 31, 2023
Capital commitments towards purchase of capital assets	413	904

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

a) 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.

b) 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.

c) 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. Where 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.

43 Segment Information

A. Description of segments and principal activities

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

i) Infrastructure Management & Security Services (IMSS):

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

ii) Digital Business 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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

Year ended March 31, 2023	IMSS	DBS	PES	Total
Revenue from contracts with customers				
External customers	29,746	47,591	85,129	1,62,466
Inter-segment				-
Segment revenue	**29,746**	**47,591**	**85,129**	**1,62,466**
Segment results	**7,751**	**14,825**	**30,245**	**52,821**
Reconciliation to profit after tax:				
Interest income				7,958
Net gain on investments carried at fair value through profit or loss				18
Other unallocable income				561
Unallocable finance cost				(4,022)
Unallocable depreciation and amortisation expenses				(3,672)
Other unallocable expenses				(20,196)
Tax				(8,629)
Profit for the year				**24,839**
Segment assets	7,291	22,218	33,144	62,653
Reconciliation to total assets:				
Investments				-
Derivative instruments				430
Other unallocable assets				1,61,696
Total				**2,24,779**
Segment liability	2,131	3,202	5,777	11,110
Reconciliation to total liabilities:				
Borrowings				44,237
Other unallocable liabilities				21,408
Total				**76,755**

Year ended March 31, 2023	IMSS	DBS	PES	Total
Revenue from contracts with customers				
External customers	30,694	43,070	69,165	1,42,929
Inter-segment	-	-	-	-
Segment revenue	**30,694**	**43,070**	**69,165**	**1,42,929**
Segment results	**9,243**	**13,089**	**28,113**	**50,445**
Reconciliation to profit after tax:				
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)
Profit for the year				**23,099**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

Year ended March 31, 2023	IMSS	DBS	PES	Total
Segment assets	6,420	19,590	34,452	60,462
Reconciliation to total assets:				
Investments				1,296
Derivative instruments				529
Other unallocable assets				1,01,796
Total				**1,64,083**
Segment liability	965	6,560	8,775	16,300
Reconciliation to total liabilities:				
Borrowings				44,885
Other unallocable liabilities				19,016
Total				**80,201**

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, 2024	**March 31, 2023**
India	26,668	22,982
USA	1,14,289	97,251
Europe	14,751	13,811
Others	6,758	8,885
	1,62,466	**1,42,929**

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

	As at	
	March 31, 2024	**March 31, 2023**
India	32,745	34,143
USA	8,579	9,278
UK	1	4
	41,325	**43,425**

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, 2024	**March 31, 2023**
One customer	11.82%	13.05%

Note:

The Group has established new business unit Generative AI Business Services (GBS) and re-structured two of its existing business units, namely Digital Business Services ("DBS") and Product Engineering Services ("PES") by merging into new business unit Product and Digital business service ("PDES"). The Business unit Infrastructure Management & Security Services (IMSS) continues to operate in the same name.This new structure is effective April 01, 2024.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

44 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).
Ownership	Legal Ownership		Legal Ownership	Legal Ownership
Vesting Pattern	Four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1,2,3 and 4 years respectively from the date of grant and become fully exercisable, subject to employee being in the employment of the Parent.			
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.			

	For the year ended	
	March 31, 2024	March 31, 2023
Employee stock compensation expense	47	120

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

Movements during the year

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

March 31, 2024

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	-	-	19,92,633	25.95
Granted during the year	-	-	-	-
Exercised during the year	-	-	(7,51,716)	25.93
Forfeited during the year	-	-	(54,049)	26.00
Outstanding options as at the end of the year	-	-	11,86,869	25.95
Weighted Average Remaining Contractual Life	-		2.89 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	-	-	19,475	26.00
Granted during the year			-	-
Exercised during the year			(7,825)	26.00
Forfeited during the year			-	-
Outstanding options as at the end of the year	-	-	11,650	26.00
Weighted Average Remaining Contractual Life	-		1.85 years	

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	(10,000.00)	6.00	-	-
Outstanding options as at the end of the year	-	-	19,475	26.00
Weighted Average Remaining Contractual Life	-		2.74 years	

*Weighted Average Exercise Price

No options were granted during the year (March 31, 2023 - Nil)

The weighted average share price of shares exercised during the year is ₹ 875.62 (March 31, 2023 - ₹ 944.91)

Exercisable options as at March 31, 2024 - 12,02,967 options (March 31, 2023 - 12,17,785 options) and weighted average exercise price - ₹ 25.96 (March 31, 2023 - ₹ 25.91)

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

45 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

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)
Total fair value of net assets acquired (A)	**8,290**
Fair value of purchase consideration (B)	**13,694**
Goodwill arising on acquisition (C)- (A-B)	**5,404**

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
Total purchase consideration	**13,694**

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

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:

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

b) the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from April 1, 2022, together with the consequential tax effects.

46 Additional Information

(a) **Ratio analysis and its elements**

Ratio	Numerator	Denominator	March 31, 2024	March 31, 2023	% Change	Reason for variance
Current ratio	Current Assets	Current Liabilities	3.14	1.86	68%	Increase in investments in fixed deposit as at March 31 2024
Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.35	0.64	(46%)	Impact on account of issue of shares through Qualified Institutions Placement ("QIP") during March 31, 2024
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)	5.25	4.95	6%	
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	0.21	0.29	(26%)	Impact on account of issue of shares through Qualified Institutions Placement ("QIP") during March 31, 2024
Trade Receivable Turnover Ratio	Net revenue	Average Trade Receivable	6.95	7.51	(7%)	
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	3.66	3.77	(3%)	
Net Capital Turnover Ratio	Net revenue	Working capital = Current assets – Current liabilities	1.34	2.88	(53%)	Higher working capital following the QIP during the year.
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	0.15	0.16	(5%)	

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

Ratio	Numerator	Denominator	March 31, 2024	March 31, 2023	% Change	Reason for variance
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax liability	0.21	0.29	-28%	Higher working capital following the QIP during the year.
Return on Investment	Interest (Finance Income) and gain from mutual funds	Investments (includes mutual funds, investment in TECH4TH Solutions Inc. and fixed deposits)	0.08	0.05	56%	Increase of investments in fixed deposits as at 31st March, 2024 resulted in higher yield.

(b) The Group has not given any loans and advances in the nature of loan granted to promoters, directors and KMPs.

(c) The Group has not been declared a willful defaulter by any bank or financial institution or other lender.

(d) The Group does not have any transactions with the companies struck off under section 248 of the Companies Act, 2013.

(e) The Group does not have any charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period.

(f) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017

(g) The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(h) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(i) The Group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(j) The Group has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

47 Events after reporting period

(i) On April 24, 2024, the Parent signed definitive agreements to acquire 100% of the equity share capital of PureSoftware Technologies Private Limited (“PureSoftware”), a Noida based company, for a total purchase consideration of US $ 94.5 Million (₹ 77,900 Lakhs) (Upfront of ₹ 63,474 Lakhs on closing and deferred consideration of upto ₹ 14,426 Lakhs payable at the end of FY25 on achievement of set performance targets) subject to closing conditions set out in the agreement. The Company is expecting to close this transaction by May 31, 2024.

(ii) On April 18, 2024, the Parent signed share purchase agreement to acquire 100% of the equity interest in Macmillan Learning India Private Limited, a Bengaluru based company, for a total purchase consideration of ₹ 444 Lakhs. The Company paid the purchase consideration on April 30, 2024 and the shares were subsequently transferred to Company's name.

(iii) The Board of Directors of the Company at its meeting held on March 13, 2024 had approved the Scheme of Amalgamation of Sri Mookambika Infosolutions Private Limited (Wholly Owned Subsidiary - Transferor Company) with the Company (Holding Company - Transferee Company) and their respective Shareholders and Creditors, pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013. The Company has filed the application with National Company Law Tribunal, Bengaluru on March 27, 2024 and the NCLT has admitted the application on April 17, 2024.

Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(All amounts in ₹ Lakhs, unless otherwise stated)

48 The Board of Directors of the Parent at their meeting held on May 6, 2024, recommended the payout of a final dividend of ₹ 3.25/- per equity share of face value ₹ 2/- each for the financial year ended March 31, 2024 . This recommendation is subject to approval of shareholders at the 13th Annual General Meeting of the Company scheduled to be held on June 28, 2024.

49 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.

50 The Company maintains the information and documents as required under the transfer pricing regulations under Section 92-92F of the Income Tax Act, 1961. The management is in the process of updating the transfer pricing documentation for the financial year 2023 - 2024 and is of the view that its transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

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

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

Vikas Bagaria
Partner
Membership no.: 060408
Place: Bengaluru, India
Date: 06-05-2024

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

Ashok Soota
Executive Chairman
DIN : 00145962
Place: Bengaluru, India
Date: 06-05-2024

Venkatraman Narayanan
Managing Director & Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: 06-05-2024

Praveen Darshankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: 06-05-2024

Notes

Corporate Information

BOARD OF DIRECTORS

Ashok Soota
Executive-Chairman

Joseph Anantharaju
Executive Vice Chairman & CEO, Product & Digital Engineering Services (PDES)

Venkatraman Narayanan
Managing Director & CFO

Anita Ramachandran
Independent Director

Rajendra Srivastava
Lead Independent Director

Shuba Rao Mayya
Independent Director

COMMITTEES OF THE BOARD

AUDIT
Shuba Rao Mayya - *Chairperson*
Anita Ramachandran - *Member*
Venkatraman Narayanan - Member

NOMINATION, REMUNERATION & BOARD GOVERNANCE
Rajendra Kumar Srivastava - *Chairperson*
Ashok Soota - *Member*
Anita Ramachandran - *Member*
Shuba Rao Mayya - *Member*

CORPORATE SOCIAL RESPONSIBILITY
Shuba Rao Mayya - *Chairperson*
Joseph Anantharaju - *Member*
Ashok Soota - *Member*

ADMINISTRATIVE AND STAKEHOLDERS RELATIONSHIP
Anita Ramachandran - *Chairperson*
Shuba Rao Mayya - *Member*
Venkatraman Narayanan - *Member*

RISK MANAGEMENT
Joseph Anantharaju - *Chairperson*
Anita Ramachandran - *Member*
Shuba Rao Mayya - *Member*
Venkatraman Narayanan - *Member*

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

COUNSEL/LEGAL CONSULTANTS

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

STATUTORY AUDITORS

Deloitte Haskins & Sells LLP

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RBL Bank Ltd
Federal Bank Ltd
ICICI Bank Ltd
HDFC Bank Ltd
Axis Bank Limited
Standard Chartered Bank
Bank of America, NA
Citibank NA
JP Morgan Chase Bank NA

DEBENTURE TRUSTEE

Vistra ITCL (India) Limited
IL&FS Financial Centre,
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