



happiest minds

The Mindful IT Company

Born Digital . Born Agile

ANNUAL REPORT
2019-2020

EVOLUTION OF HAPPIEST MINDS' LOGO & BRAND IDENTITY



2011

The symbolism of the '**Happy Person**' logo is that happiness is centered around three aspects:

- Our Being, symbolized by the joyous posture of the Happy Person;
- Our Belonging, symbolized by the background, yellow being the colour of joy; and
- Our Becoming, symbolized by the force lines above and around the head, signifying the energy and movement needed to forge into the future.

Yellow and Green are the universal colours for happiness and peace. The visual with bright and friendly colours work together to signify a '**Happy Person**'.



2017

We adopted '**The Mindful IT Company**' as a tagline in our logo. This is a logical extension of our happiness brand positioning and is indicative of our endeavour to being and doing mindful in our approach to our people, our customers and the community.

Being Mindful involves living in the moment and Doing Mindful involves perceiving immersively, processing non-judgmentally & performing empathetically.



2019

This positioning indicates Happiest Minds' commitment to be agile enough to transform organizational & business practices, processes and competencies with digital technologies and solutions.

It is the quick adoption and integration of emerging technologies that fundamentally changes how an organization operates and creates value for its people and customers.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

MR. ASHOK SOOTA

Executive Chairman & Director

MR. AVNEET SINGH KOCHAR

Director

MR. VENKATRAMAN NARAYANAN

Executive Director & CFO

MR. RAJENDRA KUMAR SRIVASTAVA

Independent Director

MS. ANITA RAMACHANDRAN

Independent Director

MS. SHUBHA RAO MAYYA

Independent Director

EXECUTIVE BOARD

MR. JOSEPH ANANTHARAJU,

Vice Chairman Designate, President and CEO, PES Business

MR. RAJIV SHAH

President and CEO, DBS Business

MR. CHALUVAIYA RAMAMOHAN

President and CEO, IMSS Business

MR. VENKATRAMAN NARAYANAN

Executive Director and CFO

STATUTORY AUDITORS

M/s. S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

12th & 13th Floor, "UB City", Canberra Block, No. 24, Vittal Mallya Road,
Bangalore-560001, Karnataka, India

REGISTERED OFFICE

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

CIN: U72900KA2011PLC057931

COMPANY SECRETARY & COMPLIANCE OFFICER PRAVEEN KUMAR DARSHANKAR



+91-80-6196 0300



investors@happiestminds.com



www.happiestminds.com

HAPPIEST MINDS CHAIRMAN'S LETTER TO THE STAKEHOLDERS



We are living in the most chaotic, tumultuous and unpredictable of times. The Corona virus has swept through the world. At the time of writing, over 12 million people have been infected and over half million have lost their lives due to the pandemic. The GDP of all countries has plummeted and unemployment rates, skyrocketed. In these trying times, those at the lower end of the pyramid are the ones most affected and vast numbers have been driven into poverty in spite of relief packages by Governments. Young people ready to enter the working world have had to put their lives on hold. Millions of young professionals have had their careers upended. The elderly have encountered a new vulnerability. The fortunate few, like those of us in Technology businesses have been able to carry on with little changes workwise, except that the office has been replaced by the home office and physical meetings with virtual ones.

If all this was not enough, Happiest Minds' two largest markets, the US and India, have faced additional turbulence and crises, which, for some days, have managed to drive Covid-19 off the top headlines. For India, the tension caused by the incursions across our borders are likely to remain for a long period and we have to battle on both fronts: Covid and Chinese aggression. Our third largest market, United Kingdom has to contend with closing the Brexit negotiations while keeping Covid under control.

The world over, economies are beginning to reopen as loss of livelihood is now too difficult to tolerate and the extended lockdown is causing its own stresses including mental health issues.

Some countries, notably in Europe, have been able to drive down their Covid curves dramatically. In USA, while the curve seems to have flattened, it is marked by dramatic increases in several States and a decline in some of the

areas which were the worst to be hit initially, notably New York and New Jersey. In India, the daily number of new cases shows a worrying trend of record levels every day at the time of writing. On the plus side, our recovery rates have gone above 60% and our fatality rates are significantly lower than global averages.

In the midst of all this turbulence, Happiest Minds has chosen to plan its Initial Public Offering (IPO). Positioned as 'Born Digital . Born Agile', Happiest Minds filed with the Securities and Exchange Board of India its Draft Red Herring Prospectus (DRHP) on June 10, 2020 in a fully digital format amid nationwide lockdown conditions. Even our FY20 accounts were finalized with remote working, including the conversion to the Ind AS standard and restatement of prior year results.

Let's step back to the beginning to see how we created the foundations for our current business strength. Happiest Minds was started in March 2011. We have 3 Business Units which are the spearheads for our go-to-market approach. They are Product Engineering Services (PES), Digital Business Services (DBS) and Infrastructure Management & Security Services (IMSS).

These business units span the entire range of digital requirements of an organization. PES encompasses Digital Foundry, Startup Technology Acceleration, Platform Engineering, Device Engineering and Quality Engineering. DBS includes Digital Application Development, Application Modernisation, Development of Solution Accelerators, Consulting & Domain-led Offerings and Specially designed Solutions. IMSS encompasses Data Center & Hybrid Cloud Services, Service Automation, Database & Middleware Services, Software Defined Network Services, Cyber & Infrastructure Security, Governance, Risk & Compliance, Data Privacy, Identity & Access Management, Threat & Vulnerability Management.

The Business Units are supported by 3 Centers of Excellence (CoEs) for Internet of Things, Analytics/Artificial Intelligence and Digital Process Automation. Our Chief Technology Officer's team also continuously incubates new technologies which currently include blockchain, drones, robotics and virtual/augmented reality.

The foundation for Happiest Minds' growth and culture is our Mission statement and Values. The Mission statement is very simple: 'Happiest People . Happiest Customers'. This stems from the belief that Happiest People lead to Happiest Customers. Our values lend themselves to an acronym SMILES and are Sharing, Mindful, Integrity, Learning, Excellence & Social Responsibility.

The practices we developed based on these values, we believe, have contributed to our receiving a Glassdoor rating of 4.1 on a scale of '1-5' as of March 31, 2020, among the highest for Indian IT services companies.

These have also contributed to the multiple recognitions received from the Great Place to Work® Institute (GPTW). From 2015 onwards, we have had 6 GPTW recognitions including India's Top 25 Best Workplaces for Women and India's top 25 Best Workplaces in IT & IT-BPM, both for the year 2019.

The organization settled down quickly and we began our journey of building teams, growing our accounts and developing new capabilities. These in turn led to many other awards, recognitions and mentions from reputed organizations. These include awards from Frost & Sullivan in 2017 as the Digital Transformation Services Provider of the Year – SMB Segment; 2 awards in 2016 and 2017 from the International Association of Outsourcing Professionals (IAOP) and from Red Herring as 2019 Red Herring Top 100 Asia Winner .

Social responsibility and the desire to give back has been a commitment from our inception. While we have contributed to multiple programs, the centerpiece for us has been contributing to the mid-day meal program through the Akshaya Patra Foundation. We call our landmarks as Milestones and for each Milestone we contribute meals in the names of our customers and team mates. We set ourselves a goal of 2 million meals by the time of our IPO and we are currently at 1,522,094.

This brings us back to the present moment. We mentioned that the Technology business is one of the fortunate few that has been able to carry on its delivery on a work from home basis. Furthermore, at Happiest Minds, we have a strong presence in some high growth

areas in this Covid influenced market. For example, Hi-Tech and Edutech accounted for 21 and 21.3 percent respectively of our business in FY20. BFSI which has a relatively steady growth accounted for 17.5 percent of our business. Furthermore, 96.9% of our revenues in FY20 are from Digital services.

One must come back to Covid since it is dominating our lives and businesses across the world. It is good that a range of medications for treatment have been approved. These should bring down the fatality rates. As the world recovers, we will see differences in the nature of work in a post-Covid world, including much higher reliance on technology and heavier investments globally in healthcare. The virus has had a way of surprising us and I would not try to predict whether GDP recovery in our major markets, US, India and UK, will be V-shaped or stuttering with two steps forward and one step back. However, even as economies begin to reopen, stock markets are showing an upward trend with NASDAQ having touched 5 record highs in few weeks. The discovery of a vaccine and its broad administration could change things dramatically for economic growth. I wish the world an immensely brighter, better tomorrow.

I would be remiss if I do not conclude by expressing my gratitude to our customers and partners for their steady support and to our outstanding team whose tireless efforts have brought us thus far.

Ashok Soota
Executive Chairman

HAPPIEST MINDS EXECUTIVE BOARD'S LETTER TO THE STAKEHOLDERS

We are happy to report on the robust performance of your Company for the year ended March 31, 2020. Our business is divided into three Business Units (BUs):

Product Engineering Services (PES)

which helps customers capitalise on the transformative potential of 'digital' by building products and platforms that are smart, secure and connected.

Digital Business Services (DBS)

which helps customers conceptualise and drive their digital modernization and transformation programs.

Infrastructure Management & Security Services (IMSS)

which helps customers build and secure their information technology infrastructure and applications by providing them security, monitoring, management and consulting services.

Our BUs are supported by 3 Centres of Excellence (CoEs): Internet of Things (IoT), Analytics/Artificial Intelligence (AI) and Digital Process Automation (DPA).

- Additional investment in our CoEs
- Continued evaluation and prioritization of disruptive technologies.

Revenues of your Company for the year was Rs 71,423 lacs compared to Rs 60,181 lacs in the previous financial year showing a growth of 18.3%. Earnings Before Interest, Depreciation, Tax and Amortization (EBIDTA) at Rs 11,310 lacs was 15.8% of revenues, and Profits After Tax (PAT) at Rs 7,170 lacs was 10% of revenues. The growth in EBIDTA and PAT over previous financial year was 71% and 405% respectively.

Certain characteristics of our business which sets us apart are that 97% of our revenues are 'Digital' i.e. from services delivered using the latest technologies such as Analytics, IoT, Artificial Intelligence, Cloud, SaaS, etc. Also, about 88% of our revenues were delivered to customers using the 'Agile' methodology. Given this strength and trend, your Company adopted the position of 'Born Digital. Born Agile'.

Customers are our strength and the reason for our existence, and we closed the financial year with 157 of them supporting us. A significant part of our revenues comes from repeat customer business which shows the continued faith they repose in us and our quality of service. Almost 88% of revenues come from our exports/overseas customers. Geographies of our focus are the USA which contributes to almost 78% followed by India at 12% and Europe at 7%.

WE CONTINUE TO INVEST IN OUR CUSTOMERS

In addition to growing our existing accounts and acquiring new logos of consequence, we continue to drive growth through:

- Structured account development plans
- Investment in account managers
- Enhancing sales capabilities and capacity

Your Company continues to work collaboratively with its customers to help them innovate and adopt new technologies and business models to better serve their customers. The Company has put in place a structured approach to ensure and measure value adds to our customers in a planned manner to increase customer happiness and stickiness.

We closed the year with 2,666 Happiest Minds, which is the way we refer to our people, our key strength, without whom it would not have been possible to deliver the robust performance that we did for the financial year. All Happiest Minds get to participate in the Company's profits through a well-defined fixed and variable bonus plan and during the year almost all of them were entitled to a significant over achievement on the variable.

The technology landscape continues to evolve at a very fast pace requiring our engineers to constantly learn new technologies and upgrade their skills. Your Company has built a strong Learning & Development organization that executes on a calendarized training plan for technical and soft skills throughout the year. One of the areas of focus has been multiskilling to ensure that we have flexibility in allocating our people to different types of projects while improving overall people utilization. During the year, the Company put together and executed a senior leadership development program - Managerial Excellence & Development of Agile Leaders (MEDAL). Your Company prides itself as being the first Indian, Mindful IT Company and we conducted multiple training sessions for our people on Mindfulness to help them in their professional and personal life.

In addition to accolades from our customers, we continue to receive awards and recognition from reputed industrial bodies for our technological competence, capabilities and also for being a great place to work. These awards are an affirmation of our technical competence, culture and workplace atmosphere that we are building at the Company.

Displaying an extreme sense of responsibility and agility, well prior to the commencement of the national lock down in India we implemented 'Work from Home' in an efficient and seamless manner and had almost 100% of our people working from home on the date of declaration of lockdown. We carefully planned and ensured that all infrastructure, security, collaboration tools were in place to enable an efficient and secure way of working from home. As reaffirmation, we have received excellent feedback from our customers on the efficiency and productivity displayed by our people during these days of work from home.

While your Company will see a certain reset in the growth rate of revenues for the Financial year 2021 because of the disruption caused by COVID-19, we draw comfort from the fact that global technology spending is estimated to show a CAGR of 6.3% and reach USD 6,080 billion by 2025 with a large part of this growth in a post COVID-19 world coming from Digital services. A large part of this shift to Digital is expected to be because of increased demand from digital natives, need for solutions delivered through social networking platforms, an evolutionary shift towards efficiency; demand for cloud computing, analytics, and automation etc., all of which are areas of strength and focus of your Company.

LOOKING TO THE FUTURE

With the major disruption caused by this pandemic, digital will be the tool to bridge gaps and ensure business continuity, improve operational efficiency, and enhance connected customer experience. We believe organizations will have to re-look their own business models from a

different and fresh perspective so that they are better positioned to handle this change. Your Company is also actively analyzing and identifying new areas of opportunities aligned with our own area of strengths and focus to effectively optimize on this opportunity.

It is not about business strategy anymore, but it is about digital business strategy. To be digital ready, organizations will have to invest in digital ready infrastructure, consisting of digital platforms for customer engagement, ecommerce and secure efficient operations.

At Happiest Minds with our single-minded focus on providing digital services and with agility, we are well-placed to take advantage of these industry and technology disruptions to drive business outcomes for our customers.

In conclusion, while we report on the good performance for the financial year ended March 31, 2020, all of this would not have been possible but for the great work done by our people, support from our customers, partners and various Government authorities.

Thank you,

Executive Board

Joseph Anantharaju

Rajiv Shah

Chaluvaiya Ramamohan

Venkatraman Narayanan

**Numbers referred to in here are from the consolidated financial statement of the Company included in this Annual Report*



**JOSEPH
ANANTHARAJU**



RAJIV SHAH



**CHALUVAIYA
RAMAMOHAN**

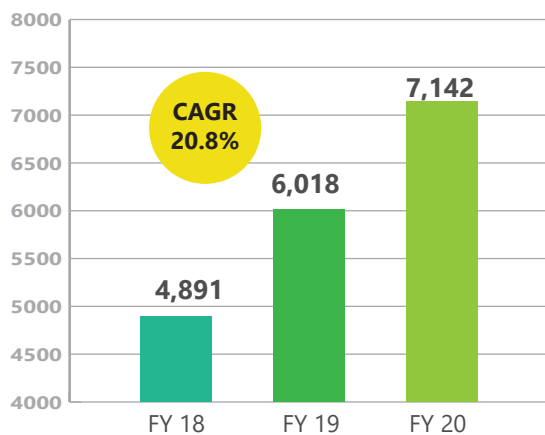


VENKATRAMAN N

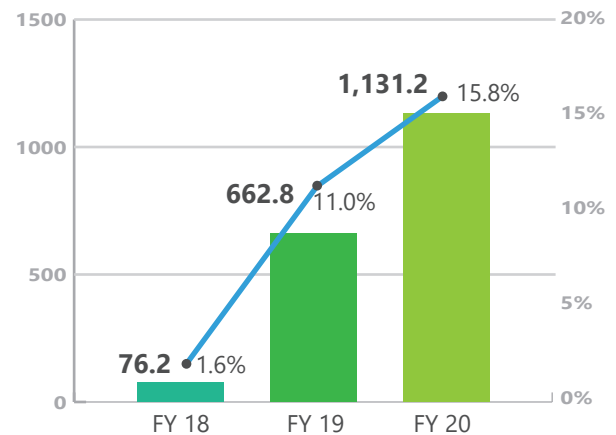
Revenue, EBIDTA, PBT & PAT

Currency and value (₹ Million)
unless otherwise stated

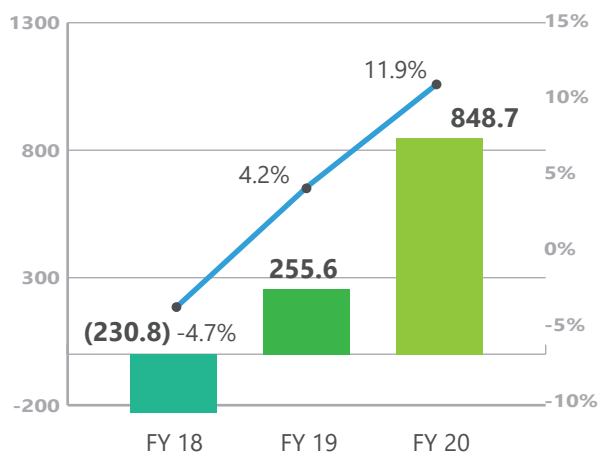
Total Revenue



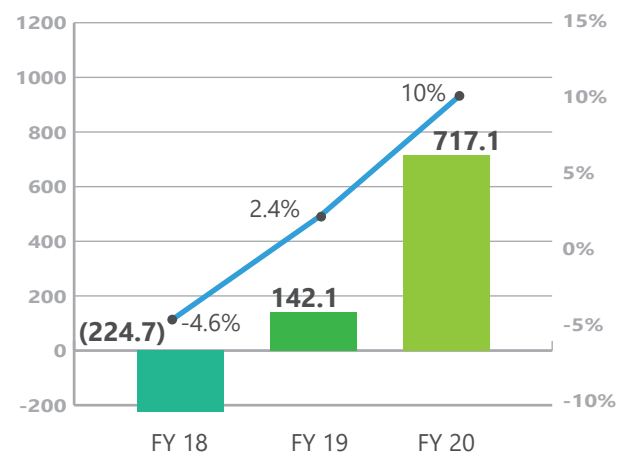
EBIDTA



Profit Before Tax

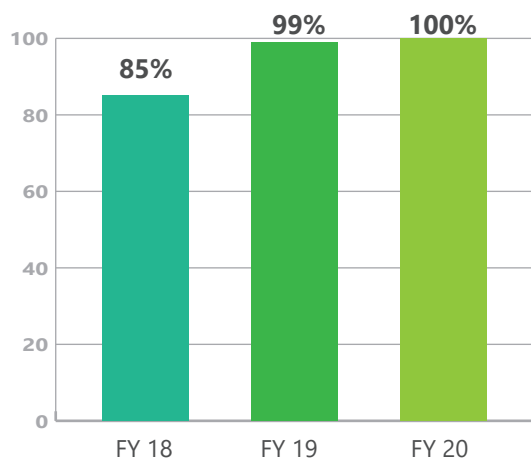


Profit After Taxes



FCF to EBIDTA

Freecashflow to EBIDTA



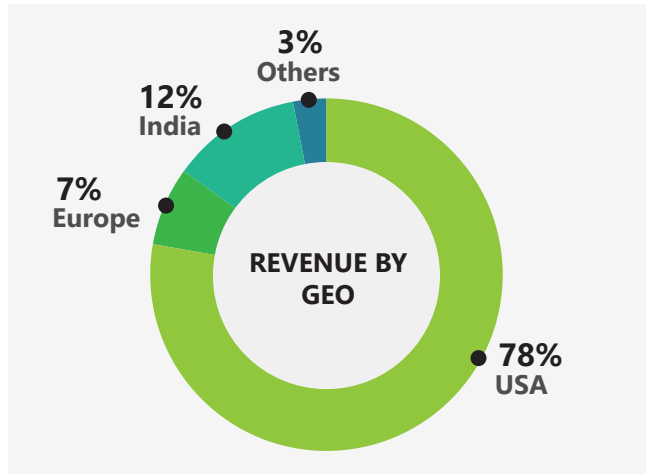
Notes:

- Free cash flow = EBIDTA - CAPEX
- All numbers referred above are derived from the consolidated financial statements of the company forming part of this annual report.

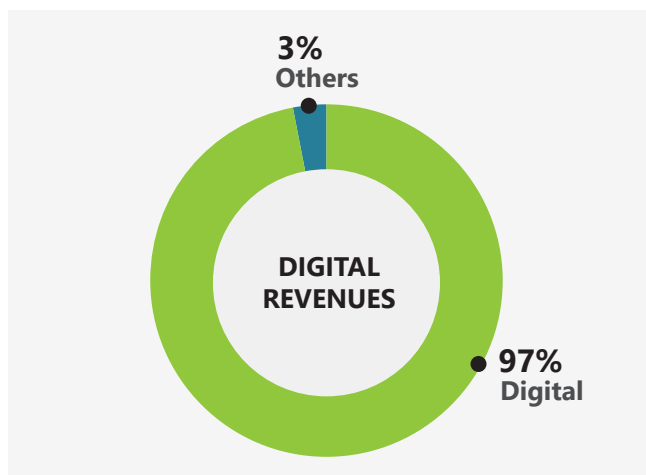
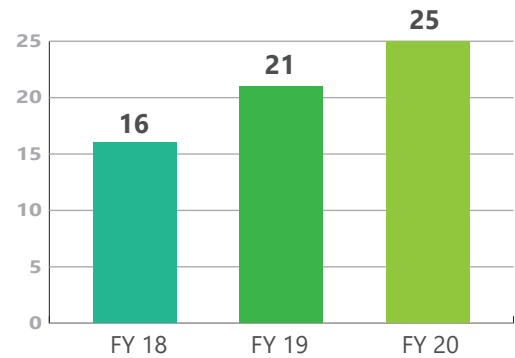
FY20 Revenue metrics

Currency and value (₹ Million)
unless otherwise stated

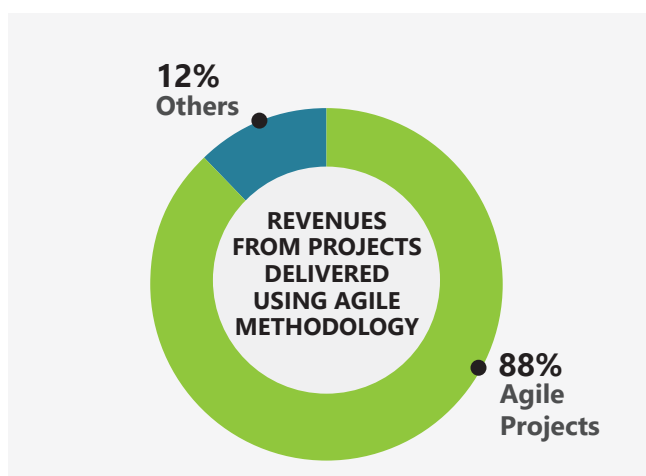
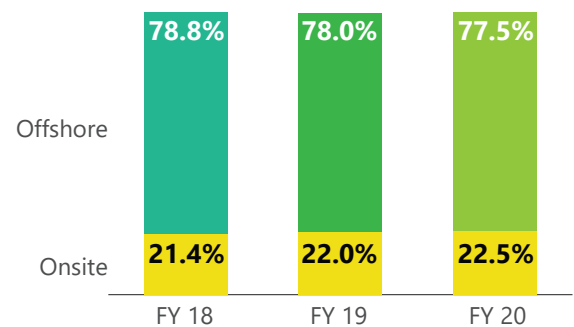
\$ Million / By geo / Digital / Agile



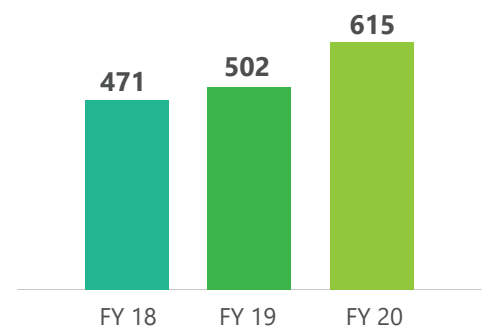
\$ MILLION CUSTOMERS



REVENUE : DELIVERY MODEL



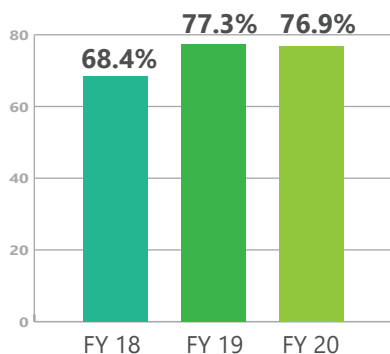
GROWING AVERAGE
REVENUE PER CUSTOMER (US\$ 000's)



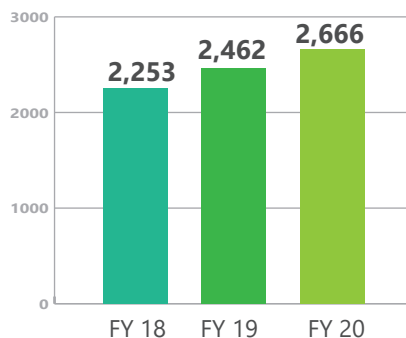
Utilisation, Headcount & Attrition

Currency and value (₹ Million) unless otherwise stated

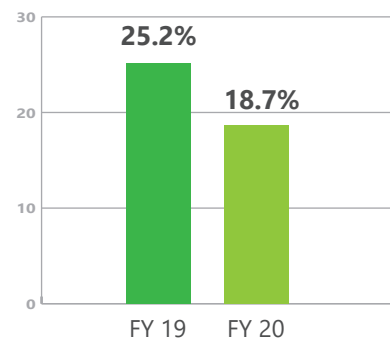
UTILIZATION



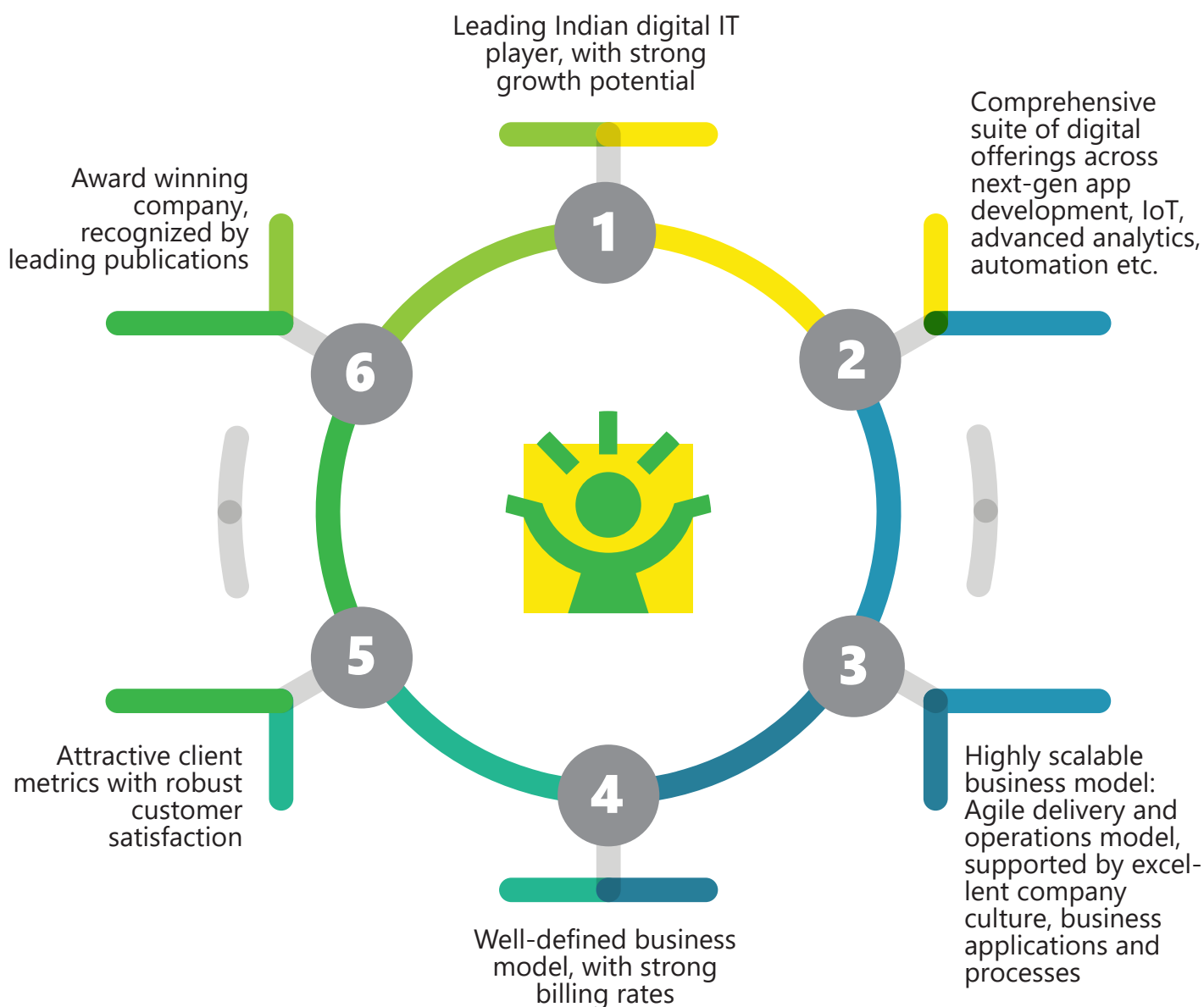
PEOPLE



VOLUNTARY ATTRITION



Happiest Minds' Differentiators



GLIMPSES OF FY 20



At BLITZ 2020 – the Annual Tech Fest,
the Happiest Minds team with the Chief
Guest, Prof. S. Sadagopan, Director,
IIIT-Bangalore.

A Blitz Booth showcasing our
SDN-NFV solutions.



Leaders Walk the Talk...and
the Ramp too!



GLIMPSES OF FY 20



Managerial Excellence and Development of Agile Leaders (MEDAL), the Happiest Minds' Leadership Development Program



Sunshine Day, the much loved, fun-filled get-together of our children!

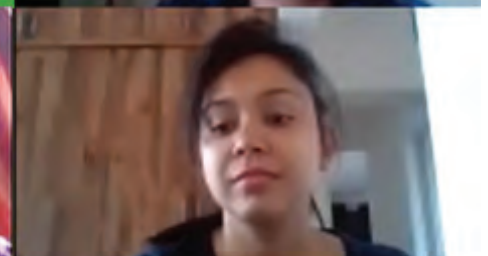
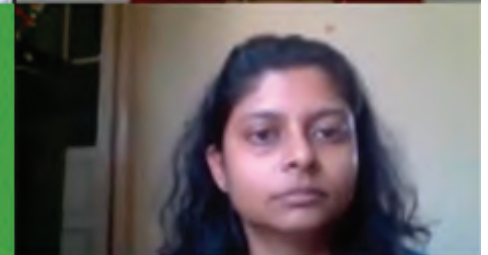
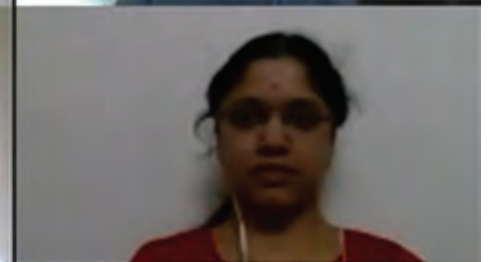
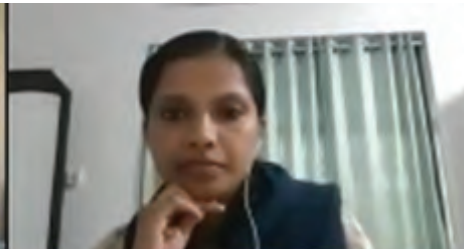
AURA, the women's group. A Powerful force.



WORK FROM HOME DURING LOCKDOWN



Transitioning seamlessly into the lockdown.



FUN WITH FAMILY DURING LOCKDOWN



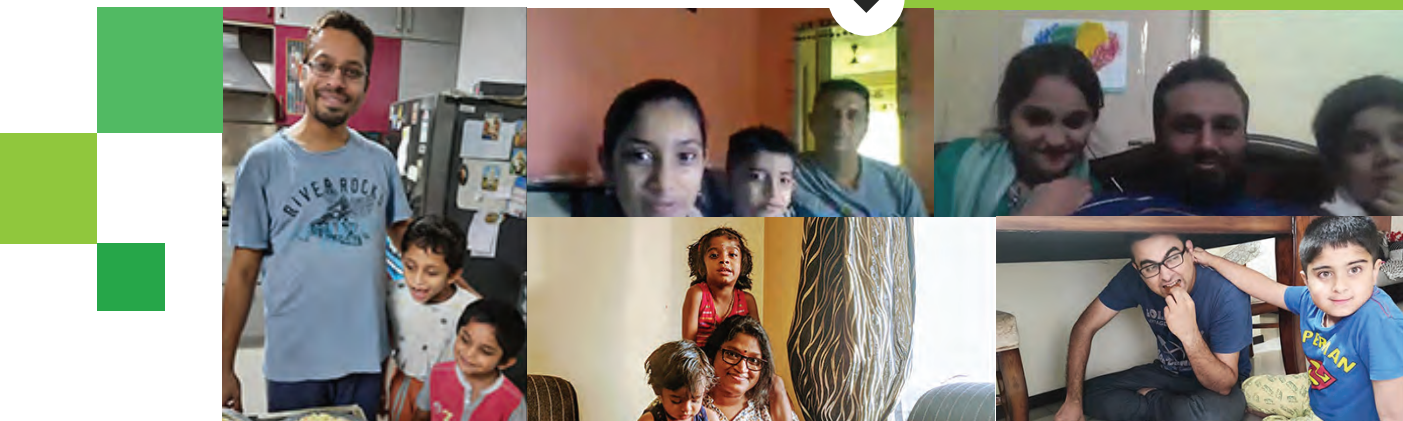
Enthusiastic Happiest Minds and family members joining in the Laughter Yoga Session facilitated by Dr. Madan Kataria, Founder, Global Laughter Yoga Movement.



Wellness and martial arts program by Seefar Wellness



Keeping the family happy during lockdown.



LIFE DURING LOCKDOWN

We transitioned seamlessly into the lockdown.

While physical distancing is the need of the hour, social isolation is not. To ensure that the team feels connected, engaged, supported and informed during this phase of remote working, people interventions were rolled out.

WELLNESS & WELL-BEING

Our wellness initiatives focus on social wellness, emotional wellness, environmental wellness, spiritual wellness, physical wellness, intellectual wellness, occupational wellness and financial wellness.

Happiest Minds runs a counselling program called MITHRA – the Good Samaritan Program, where four Happiest Minds have volunteered to listen and help one deal with whatever one is going through – personally or professionally – in total confidentiality, safety and acceptance.

FUN & FAMILY ACTIVITIES

We had activities that the family could participate as well.

Dr. Madan Kataria, the founder of the global Laughter Yoga movement had the team enthralled and energized.

He believes that voluntary laughter provides similar physiological and psychological benefits as spontaneous laughter. Many Happiest Minds and their equally enthusiastic family members joined in for this fun-filled & memorable laughter yoga session.

A virtual yoga session was organized to commemorate International Yoga Day.

CUSTOMER APPRECIATIONS

During this time of lockdown our teams have stood up to the challenge and delighted our customers.

BOARD'S REPORT

Dear Members,

Your Directors take pleasure in presenting the Ninth Annual Report on the business and operations of your Company together with the Audited Statement of Accounts (both standalone and consolidated) prepared in accordance with Indian Accounting Standards and the Auditors Report for the financial year ended March 31, 2020.

Financial Performance

Amount in Rs. Lacs

Description	Standalone		Consolidated	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Total Income	71,419	60,161	71,423	60,181
Profit / (Loss) Before Interest, Depreciation & Tax and exceptional items	11,481	7,007	11,312	6,628
Exceptional items – Impairment of Goodwill	1,126	2,983	1,126	1,258
Interest, Depreciation & Amortization	2,822	3,613	2,825	4,072
Profit / (Loss) before Tax	7,533	411	7,361	1,298
Tax expense	190	-	190	(123)
Profit / (Loss) after Tax	7,343	411	7,171	1,421

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

Business Performance

Positioned as "Born Digital. Born Agile", we focus on delivering a seamless digital experience to our customers. Our offerings include, among others, digital business, product engineering, infrastructure management and security services. Our capabilities provide end-to-end solution in the digital space. We believe that we have developed a customer-centric focus that aims to fulfil their immediate business requirements and to provide them strategically viable, futuristic, and transformative digital solutions.

We help our customers in finding new ways to interact with their users and clients enabling them to become more engaging, responsive, and efficient. We also offer solutions across the spectrum of various digital technologies such as Robotic Process Automation (RPA), Software-Defined Networking/Network Function Virtualization (SDN/NFV), Big Data and advanced analytics, Internet of Things (IoT), cloud, Business Process Management (BPM) and security.

The report titled "Assessing the Market Potential of Information Technology Services Market" dated June, 2020, that our Company has commissioned from Frost & Sullivan (Frost & Sullivan Report) estimates the global digital services market of USD 691 billion in 2019 to grow at a CAGR of 20.2% to USD 2,083 billion by 2025. In Fiscal 2020, 96.9% of our revenues came from digital services. This is one of the highest among Indian IT companies (Source: Frost & Sullivan Report). The Frost & Sullivan Report notes that the legacy IT market as a percentage of total technology spend is estimated to decline from 85.7% share in 2019 to 65% share by 2025, with digital spend making up the remaining 35% share by then.

As of March 31, 2020, we had 157 active customers. Our repeat business (revenue from existing customers) has steadily grown and contributed a significant portion of our revenue from contracts with customers over the years indicating a high degree of customer stickiness.

We believe our agility and resilience has stood out in recent years. In Fiscal 2020, we delivered 87.9% of our projects through agile delivery methodology. Over the years and currently during the ongoing outbreak of Novel Coronavirus, we have successfully implemented our business continuity plans including to achieve efficient work-from-home practices to ensure connectivity across the enterprise.

Our business is divided into the following three Business Units (BUs):

Digital Business Services (DBS): Our 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, development and implementation of solution, capabilities for improving data quality of the customer's platform, assistance in designing and testing of operations and management of platform and modernisation 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): Our PES BU 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 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.

Infrastructure Management & Security Services (IMSS): Our IMSS offerings provide an end to end monitoring and management capability with secure ring fencing of our customers' applications and infrastructure. We provide continuous support and managed security services for mid-sized enterprises and technology companies. Specialized in automation of business and IT operations with DevSecOps model and with NOC/SOC, we strive to ensure that the data center, cloud infrastructure and applications are safe, secure, efficient and productive. Our security offerings include cyber and infrastructure security, governance, risk & compliance, data privacy and security, identity and access management and threat and vulnerability management. Our infrastructure offerings include DC and hybrid cloud services, workspace services, service automation (RPA, ITSM & ITOM), database and middleware services and software defined infrastructure services.

Our business units are supported by the following three 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. In Fiscals 2019 and 2020, revenues from IoT offerings were 8.4% and 9.8% respectively.

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. In Fiscals 2019 and 2020, revenues from analytics/AI were 9.1% and 11.6% respectively.

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. In Fiscal 2020, revenue from DPA was 20.7%.

In Fiscal 2020, our total income was ₹71,423 lacs and our EBITDA were ₹11,312 lacs, and profit for the year was ₹7,171 lacs. Our total income and EBITDA had a compounded annual growth rate of 20.8% and 285.3% respectively between Fiscal 2018 and Fiscal 2020.

Impact of COVID 19 on Company's business

The outbreak of Coronavirus (COVID-19) has been declared as a pandemic by the World Health Organization has significantly impacted life and businesses around the globe. Governments across the world including India have taken drastic measures to contain the outbreak and has implemented a nation-wide lockdown.

Your Company is engaged in the business of providing IT services including digital solutions, around product engineering, cloud, analytics, automation, infrastructure management, security, automated testing, etc. to enterprises across the world and customers are spread across geographies including the US, Europe, Asia and India.

Your Company has carried out an assessment of recoverability of its assets, by considering internal and external information up to the date of approval of these financial statements. Substantial portion of its revenues are earned from offshore business being delivered from India; there is adequate working capital, customer demand and cost control measures have been undertaken by the Company. Accordingly, the impact of pandemic on your Company's business stands mitigated

The impact of this pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes future economic conditions and continually assesses its impact including taking appropriate steps to mitigate the same.

Initial Public Offering

Subject to market conditions, receipt of regulatory approvals, your Company is considering an Initial public offering of its equity shares of face value of ₹2 each ("Equity Shares") for cash at a price to be decided by book building process, comprising of a fresh issue of up to ₹1,100.0 million and an offer for sale of up to 8,414,223 Equity Shares by the Promoter Mr. Ashok Soota and up to 27,249,362 Equity Shares by the Investor M/s CMDDB II. The Equity Shares so offered are proposed to be listed on BSE and NSE. Proceeds of fresh issue are proposed to be utilized for working capital and general corporate purposes.

Your Company has accordingly filed its draft Red Herring Prospectus with Securities Exchanges Board of India on June 10, 2020. ICICI Securities Limited and Nomura Financial Advisory and Securities (India) Private Limited have been appointed as merchant bankers to handle the offer.

Change in status of the Company

To facilitate initial public offering, your Company was converted into a public limited company pursuant to a special resolution passed in the extraordinary general meeting of the Shareholders of our Company held on May 13, 2020 and the name of our Company was changed to its present name 'Happiest Minds Technologies Limited', and a fresh certificate of incorporation was issued by the Registrar of Companies on May 20, 2020. Accordingly, your Company has amended the Memorandum of Association of the Company and adopted new Articles of Association of the Company effective May 13, 2020.

Recognition

We are happy to inform that the Company has received following recognitions during the year under review:

The Company was awarded 2019 Red Herring Top 100 Asia award

The Company was ranked 42nd across all industries in India's Best Companies to work for 2019 study by ET and Great Place to Work®

The Company was recognized in the Top 25 India's Best Workplaces for Women by Great Place to Work®

The Company was ranked in Top 25 India's Best Workplaces in IT and IT-BPM by Great Place to Work®

The Company was conferred Regional Award Winner for 'South' in 'Industrial IoT/Industry 4.0 Category by EFY

The Company was selected among Top 20 Most Innovative Practices in D&I among mid-sized companies by JobsForHer

Events subsequent to the date of financial statements

As on the date of this Report, your Directors are not aware of any circumstances not otherwise dealt with in this Report or in the financial statements of your Company, which would render any amount stated in the Accounts of the Company misleading.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report, which would affect substantially the results, or the operations of your Company for the financial year in respect of which this report is made.

Dividend & Transfer to Reserves

Your Company does not propose to declare dividend for the year under review and accordingly do not propose to transfer any amount to General Reserves.

Changes in Capital Structure

As approved by the Board of Directors on March 16, 2020 and on May 13, 2020, your Company in aggregate has converted 433,728 14% Series A Non-Cumulative Compulsorily Convertible Preference Share of Rs. 652/- each to 70,697,664 Equity Shares of Rs.2/- each as per the conversion ratio of 163 Equity Shares for every Preference Share.

As per the approval of shareholders at the EGM held on May 13, 2020, the existing authorized Share Capital of the Company amounting to Rs.58,90,00,000/- (Rupees Fifty Eight Crores Ninety Lakhs only) divided into 5,00,00,000 (Five Crores only) Equity Shares of par value of Rs.2/- each and 750,000 (Seven Lakhs Fifty Thousand) Non-Cumulative Compulsorily Convertible Preference Shares (Series A Preference Shares) of par value of Rs. 652/- each, was reclassified into 22,93,00,000 (Twenty-Two Crores Ninety Three Lakhs) Equity Shares of par value of Rs.2/- each and 2,00,000 (Two Lakhs) Non-Cumulative Compulsorily Convertible Preference Shares (Series A Preference Shares) of par value of Rs. 652/- each, in order to accommodate revision in capital post conversion of preference shares to equity shares. Accordingly, Clause V of the Memorandum of Association of the Company was altered.

Subsidiary company

As of March 31, 2020, your Company had only one wholly owned subsidiary company viz., Happiest Minds Technologies LLC, USA. The statement pursuant to Section 129(3) of the Companies Act, 2013 in respect of subsidiary company is attached as Annexure V. The Consolidated Accounts of your Company and its subsidiary company duly audited by the Statutory Auditors are presented as part of this Report in accordance with Accounting Standard 21.

The Ministry of Corporate Affairs vide General Circular No. 2/2011 dated 8th February 2011 has provided an exemption to Companies subject to certain conditions from attaching the audited accounts of subsidiary company. Accordingly, the audited accounts of the above-mentioned subsidiary company is not attached and your Company has complied with all the conditions of the aforesaid circular.

The audited accounts of overseas subsidiary have been made available for inspection by any shareholder at the Company's Registered office and at the registered office of overseas subsidiary company. Copies can be made available, on request to the shareholders of the holding and subsidiary company.

Since there has been no operations in the subsidiary company, your Company had on March 16, 2020 initiated steps to voluntarily dissolve and wind-up the company and accordingly the subsidiary company was wound up on June 3, 2020.

Directors and Key Managerial Personnel

Mr. Ashok Soota (DIN No. 00145962) was re-appointed as Executive Chairman for a term of 5 years with effect from April 1, 2019 pursuant to a special resolution passed by the shareholders' in their meeting held on August 1, 2019.

Mr. Girish Shrikrishna Paranjape (DIN No. 02172725) has resigned from the position of Director of the Company with effect from closing hours of March 10, 2020.

Pursuant to resolution passed by the Board of Directors at their meeting held on May 27, 2020, Mr. Venkatraman N (DIN No. 01856347) has been re-designated as the Executive Director.

With effect from June 4, 2020, Ms. Anita Ramachandran (DIN No. 00118188), Mr. Rajendra Kumar Srivastava (DIN No. 07500741) and Ms. Shubha Rao Mayya (DIN No. 08193276) were appointed as Additional Directors (Independent) for a period of 5 years subject to approval of the shareholders at the ensuing Annual General Meeting.

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 on Corporate Governance section forming part of this Annual Report (attached as Annexure IV).

Further, effective from June 4, 2020 after induction of 3 Independent Directors, your Company has constituted/reconstituted following Board committees:

1. Audit Committee
2. Nomination, Remuneration and Board Governance Committee
3. Administrative and Stakeholders Relationship Committee
4. CSR Committee
5. Risk Management Committee
6. Strategic Initiatives Committee

The details of these committees will be reported in next year's Board Report.

Board Meetings

During the year, the Meetings of Board of Directors were held on April 4, 2019; May 20, 2019; August 1, 2019; November 13, 2019; and February 6, 2020. The details of the composition and meetings of the Board held during the year are given in the Report on Corporate Governance section forming part of this Annual Report.

Employees Stock Option Plan (ESOP)

During the year under review, your Company registered transfer of 23,40,945 Equity Shares of Rs. 2/- each by the Happiest Minds Technologies Share Ownership Plans Trust to the employees who exercised their options during the year under the ESOP Scheme(s) of the Company.

The additional details of stock options are provided in Note 3(f) of Notes to Financial Statements (Standalone).

Your Company had three ESOP schemes viz., ESOP 2011, ESOP 2015 and US ESOP 2011. With effect from May 13, 2020, we have merged ESOP 2011 into ESOP 2015. Since the Company is undertaking an initial public offer of its equity shares, we have adopted a new employee stock option plan called 'Happiest Minds Employee Stock Option Scheme 2020' ("ESOP 2020"), which is in compliance with the requirements of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

In view of the new scheme, no further grant of employee stock options will be made under the old schemes i.e., merged ESOP 2015 or under US ESOP 2011. All further grants of employee stock option will only be made under the new employee stock option plan i.e. ESOP 2020.

Extract of Annual Return

Pursuant to the provisions of the Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual return of the Company for the financial year ended on March 31, 2020 is enclosed as Annexure I to this report.

Software Technology Park

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

Fixed Deposits

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

Loans, Guarantees and Investments

Your Company during the year under review:

(a) has not provided any loan, guarantee or security in connection with loan to any person or body corporate; or
(b) has not acquired by way of subscription, purchase or otherwise, the securities of any other body corporate; exceeding 60% of its paid-up share capital, free reserves and securities premium account or one hundred percent of free reserves or securities premium account, whichever is more.

At the EGM held on May 13, 2020, shareholders have pursuant to the provisions of Sections 180(1) (c) and other applicable provisions, if any, of the Companies Act, 2013 have approved to borrow in excess of paid-up share capital, free reserves and securities premium of the Company, provided that the total principal amount up to which such monies may be raised or borrowed by the Company shall not at any time exceed the aggregate of the paid up share capital, free reserves and securities premium of the Company by more than Rs. 200 Crores (Rupees Two Hundred Crores only) or the fixed limit of Rs.300 Crores (Rupees Three Hundred Crores only), whichever is higher.

Related Party Transactions

The details of related party transaction is provided in Note 37 of Notes to Financial Statements (Standalone) and Note 36 of Notes to Financial Statements (Consolidated).

Auditors & Auditors Report

The current auditors of the Company Messrs. S.R. Batliboi and Associates LLP, Chartered Accountants LLP will hold office as Statutory Auditors for the period upto the conclusion of tenth Annual General Meeting of the Company.

The Auditors Report does not contain any qualification, reservation or adverse remark on the financial statements for the year ended March 31, 2020. The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

Corporate Social Responsibility ("CSR")

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 VI to this Report. The CSR policy is available on the website of the Company at www.happiestminds.com.

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 registries 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 CISO, 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 follow a process covering the steps below in identifying areas of risk in the Organization. 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

The Company's risk appetite reflects broader level of risk that the Company can assume and successfully manage and is factored into its strategy at the time of drawing up the long term and the annual business plan.

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.

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 Artifacts, Digital Assets (Code, database etc.,) or IP
- b. Sharing of sensitive data e.g. PII without requisite approvals
- c. Ransomware attacks

People Practices

As per the results of the Great Place to Work ("GPTW") survey, your Company was awarded and was among Top 25 India's Best Workplaces in IT & IT-BPM, among Top 25 India's Best Workplaces for Women by Great Places to Work & 42nd in India's Best Companies to Work for in 2019. These are other people centric awards and accolades speak well about people practices in the Company.

People Practice is a corporate team that functions across all its business units and centers of excellence. Your Company has implemented corporate-wide recruitment, up-skilling, training, talent development, performance evaluation, talent review, succession planning, and compensation programs that are tailored to address the needs of each of its business units and locations. The people practice function has a representative present in each major company locations.

During the year under review, your Company launched many new initiatives like "MEDAL – leadership development program", "HappiZest Wellness Challenge," and "Equal Opportunity Program" under Diversity and Inclusion Charter, "mygratitudestory" under our Culture of Appreciation program.

The People Practice continued to advance on their formal Mindfulness training programs under which 895 Happiest Minds got covered under the Mindfulness training program in the whole year. To assimilate the new hires in the culture of its Company, Happiest Minds, developed a comprehensive joining day induction program and new hire assimilation program. People practice listens to employees' feedback and along with internal surveys like Happiest

People Pulse Survey etc we also participate in 3rd party surveys like GPTW to benchmark the Company's people practices against industry best practices.

Your Company's relationship with its people and teams are based on mutual trust and respect and we always continue to maintain the same spirit. We continually strive to provide our people with competitive and innovative compensation packages. We work with the industry partners and consultants to benchmark our compensation and benefits programs with leading organizations in the industry. Our compensation packages include a combination of fixed salary, variable pay, stock options, and health insurance.

Quality Management System (QMS)

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.

QMS Framework

Our strategy for continual quality improvement journey is derived based on the business needs, technology changes, customer feedback, suggestions and process performance.

Our Quality processes are derived from industry best practices as well as from our experience, and our processes have been assessed by external accredited agencies. Happiest Minds has received accreditation on international Quality and process models, including ISO 9001:2015. In addition, Happiest Minds is certified to Information Security standards like ISO 27001:2013, which guides our policies and procedures for protecting our own software enablers, as well as clients' software enablers.

Engineering Practices

Engineering practices form the crux of successful delivery. At Happiest Minds we emphasize on rolling out engineering best practices to provide value add to our clients. Our engineering practices help Happiest Minds deliver high-quality software to our clients. We measure the customer satisfaction levels of our clients every. We have adopted the following Agile practices to support Our Mission of Born Digital. Born Agile.

Rapid Iteration and Experimentation

Fail fast and learn quickly - Agile teams develop solutions through building rapid prototypes for our customers. Products and solutions are developed iteratively using minimum viable products i.e., minimum set of features needed to test and learn.

DevOps and automation

Happiest Minds deployed DevOps practices which includes build automation, continuous integration, code analysis, and unit testing. Then there are additional engineering practices such as continuous delivery, or automatically deploying to an environment with a test suite to evaluate the software in the environment. Continuous deployment, pushing a new release into production based on passing of all the tests; and checking code and software quality in the build pipeline and leverage the build pipeline to get feedback on the health of their software. These practices help us to decrease the turn around to the customers and build better quality products.

Information Transparency

The accessibility, accuracy, and availability of quality, unfiltered data which is critical for organizational agility is deployed across the organization. Team members will be able to easily share ideas from, and results of, their work with those who might benefit from the information.

Continuous Learning

At Happiest Minds, continuous learning happens on both the individual and organizational level. At the organizational level, structured processes and tools have been enabled to share the tribal knowledge. This helps the information learned through experimentation and experience is available across the organization. (Ex: Sharing of Best Practices and Knowledge Management).

Measuring Customer happiness

We have a holistic customer experience framework to understand the behaviors, needs and expectations of individual customers which helps in developing a roadmap for continuous engagement and enriching the customer relationship.

Customer happiness Survey

This is a yearly survey. We have rolled out Customer Happiness Survey (CHS) in the Month of Nov-2019. This program is successful in providing us the early alerts that needs to be course corrected to provide high quality products/services to our customers.

Delivery Methodologies

Our suite of delivery methodologies in the below mentioned areas demonstrates our thought leadership and execution capabilities viz., Agile methodologies, Service delivery lifecycle, Embedded system software, Waterfall model for Software development.

Integrated Project Management System

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.

Internal Control System

Your Company has deployed adequate Internal Control Systems in place to ensure a 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 Company's assets. The ERP system which the Company had 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 II to this Report in terms of Section 134(3) of the Companies Act, 2013 (earlier Section 217(1)(e) of the Companies Act, 1956), read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

Employees' remuneration

In terms of the provisions of Section 134 of the Companies Act, 2013, read with the relevant rules, the names and other details of employees are set out in the Annexure III to the Board's Report. As per the proviso to Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the particulars of employees posted and working outside India not being directors or their relatives, drawing more than Rs.10.2 million per financial year or Rs 0.85 million per month, as the case may be, need not be included in the statement but, such particulars shall be furnished to the Registrar of Companies, if and when sought for. 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 made 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 2019-2020 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) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating efficiently.

Your Directors', have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

Secretarial Standards

During the year under review, your Company has duly complied with Secretarial Standard 1 dealing with Meetings of the Board of Directors & Secretarial Standard 2 dealing with General Meetings, as notified by Central Government.

Cost Audit

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

Disclosure under the Sexual Harassment of Women at Workplace (prevention, prohibition and redressal) Act, 2013

Your Company is committed to promote a safe and professional work environment, that fosters teamwork, diversity and trust. Your Company has in place a policy 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. Internal Committee has been set up to redress complaints received regarding sexual harassment. All employees regardless of position or contractual status, i.e., permanent, short-term contract, visitors and casual employees are covered under this Policy. The Policy is gender neutral. During the year under review, there was no complaint with allegation of sexual harassment was filed with Internal Committee.

Acknowledgements

Your Directors have pleasure in recording their appreciation for all the guidance and co-operation received from all its customers, investors, vendors and bankers in their continued support of your Company's growth. Your Directors take this opportunity to place on record their sincere appreciation of the dedication and commitment of Happiest Minds at all levels and their continued support and cooperation.

For and on behalf of the Board

Venkatraman N

Executive Director & CFO
DIN: 01856347

Ashok Soota

Executive Chairman
DIN: 00145962

Bangalore

Dated: July 10, 2020

Annexure I – Extract of Annual Return

Annexure I to Board's Report

EXTRACT OF ANNUAL RETURN (Form MGT - 9)

As on financial year ended on 31.03.2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1	CIN	U72900KA2011PLC057931
2	Registration Date	March 30, 2011
3	Name of the Company	HAPPIEST MINDS TECHNOLOGIES LIMITED (FORMERLY KNOWN AS HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED)
4	Category/Sub-category of the Company	PUBLIC LIMITED COMPANY
5	Address of the Registered office & contact details	#53/1-4, HOSUR MAIN ROAD, MADIVALA (NEXT TO MADIVALA POLICE STATION), BANGALORE-560068, KARNATAKA, INDIA. Ph:+91 80 6196 0300
6	Whether listed company	NO
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	KFIN TECHNOLOGIES PRIVATE LIMITED, ADDRESS: SELENIUM TOWER B, PLOT 31-32, GACHIBOWLI, FINANCIAL DISTRICT, NANAKRAMGUDA, HYDERABAD – 500 032 P: +91 40 6716 1602

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Development of Computer Software / IT Enabled Services	62011, 62012, 62013, 62020, 62091, 62092, 62099	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Happiest Minds Technologies LLC (wound up on June 3, 2020)	NA	Subsidiary	100%	-

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]			No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares
A. Promoters								
(1) Indian								
a) Individual/ HUF	2,812,518	12,380,336	15,192,854	40.88%	15,387,681	12,380,336	27,768,017	56.22%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%
d) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%
Sub Total (A) (1)	2,812,518	12,380,336	15,192,854	40.88%	15,387,681	12,380,336	27,768,017	56.22%
2) Foreign								
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%
Sub Total (A) (2)	-	-	-	0.00%	-	-	-	0.00%
TOTAL (A)	2,812,518	12,380,336	15,192,854	40.88%	15,387,681	12,380,336	27,768,017	56.22%
								15.34%

B. Public Shareholding																			
1. Institutions																			
a) Mutual Funds	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	0.00%	-	0.00%	0.00%	0.00%
b) Banks / FI	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	0.00%	-	0.00%	0.00%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	0.00%	-	0.00%	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	0.00%	-	0.00%	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	0.00%	-	0.00%	0.00%	0.00%
f) Insurance Companies	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	0.00%	-	0.00%	0.00%	0.00%
g) FIs	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	0.00%	-	0.00%	0.00%	0.00%
h) Foreign Venture Capital Funds	163	-	163	0.00%	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	-100.00%	-
i) Others (specify)	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	0.00%	-	0.00%	0.00%	0.00%
Sub-total (B)(1)	163	-	163	0.00%	-	-	-	-	-	-	-	-	-	-	0.00%	-	0.00%	-100.00%	-
2. Non-Institutions																			
a) Bodies Corp.																			
i) Indian	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	0.00%	-	0.00%	0.00%	0.00%
ii) Overseas	-	163	163	0.00%	163	163	163	163	163	163	163	163	163	163	0.00%	-	0.00%	0.00%	0.00%
b) Individuals																			
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	5,663,935	5,663,935	15.24%	-	5,153,260	5,153,260	5,153,260	5,153,260	5,153,260	5,153,260	5,153,260	5,153,260	5,153,260	10.43%	-	10.43%	-4.81%	-

ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	6,912,687	6,912,687	18.60%	-	8,369,287	8,369,287	16.95%	-1.65%
c) Others (specify)	-	7,331,563	7,331,563	19.73%	-	5,490,638	5,490,638	11.12%	-8.61%
Non-Resident Indians								0.00%	
OCBs	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	-	2,063,450	2,063,450	5.55%	-	2,608,450	2,608,450	5.28%	-0.27%
Clearing Members	-	-	-	0.00%	-	-	-	0.00%	0.00%
Trusts	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Bodies - D R	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(2)	-	21,971,798	21,971,798	59.00%	163	21,621,635	21,621,798	43.78%	8.06%
Total Public (B)	163	21,971,798	21,971,961	59.12%	163	21,621,635	21,621,798	43.78%	-15.34%
C. Shares held by Custodian for GDRs & ADRs				0.00%					0.00%
Grand Total (A+B+C)	2,812,681	34,352,134	37,164,815	100.00%	15,387,844	34,001,971	49,389,815	100.00%	0.00%
(ii) Shareholding of Promoter									
S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year	
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares		
1	ASHOK SOOTA	15,192,854	40.88%	0	27,768,017	56.22%	0	15.34%	
	TOTAL	15,192,854	40.88%	0	27,768,017	56.22%	0	15.34%	

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

S. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	At the beginning of the year	01/04/2019		15,192,854	30.76%	15,192,854	30.76%
2	Changes during the year	30/07/2019	Transfer	163	0.00%	15,193,017	30.76%
3	Changes during the year	06/02/2020	Transfer	350,000	0.71%	15,193,017	31.47%
4	Changes during the year	16/03/2020	Conversion of CCPS	12,225,000	24.75%	27,768,017	56.22%
5	At the end of the year	31/03/2020		27,768,017	56.22%	27,768,017	56.22%

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs)

S. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Happiest Minds Technologies Share Ownership Plans Trust						
	At the beginning of the year	01/04/2019		7,331,563	14.84%	7,331,563	14.84%
	Changes during the year	Transfer from Trust on various dates	Transfer	(2,373,545)	-4.81%	4,958,018	10.04%
	Changes during the year	Transfer from Trust on various dates	Transfer	532,620	1.08%	5,490,638	11.12%
	At the end of the year	31/03/2020		5,490,638	11.12%	5,490,638	11.12%
2	Joseph Anantharaju						
	At the beginning of the year	01/04/2019		890,000	1.80%	890,000	1.80%
	Changes during the year	04/04/2019	Transfer	110,000	0.22%	1,000,000	2.02%
	Changes during the year	01/08/2019	Transfer	100,000	0.20%	1,100,000	2.23%
	At the end of the year	31/03/2020		1,100,000	2.23%	1,100,000	2.23%

3	Aurobinda Nanda									
	At the beginning of the year	01/04/2019								
	Changes during the year	06/02/2020	Transfer		580,625	1.18%	580,625	1.18%	580,625	1.18%
	At the end of the year	31/03/2020			802,125	1.62%	802,125	1.62%	802,125	1.62%
4	Sashikumar Sreedharan									
	At the beginning of the year	01/04/2019			525,000	1.06%	525,000	1.06%	525,000	1.06%
	Changes during the year				-	0.00%	-	0.00%	-	0.00%
	At the end of the year	31/03/2020			525,000	1.06%	525,000	1.06%	525,000	1.06%
5	Prasenjit Saha									
	At the beginning of the year	01/04/2019			506,250	1.03%	506,250	1.03%	506,250	1.03%
	Changes during the year				-	0.00%	-	0.00%	506,250	0.00%
	At the end of the year	31/03/2020			506,250	1.03%	506,250	1.03%	506,250	1.03%
6	Puneet Jetli									
	At the beginning of the year	01/04/2019			506,250	1.03%	506,250	1.03%	506,250	1.03%
	Changes during the year				-	0.00%	-	0.00%	506,250	0.00%
	At the end of the year	31/03/2020			506,250	1.03%	506,250	1.03%	506,250	1.03%
6	N. Venkatraman									
	At the beginning of the year	01/04/2019			300,000	0.61%	300,000	0.61%	300,000	0.61%
	Changes during the year	13/11/2019	Transfer		200,000	0.40%	200,000	0.40%	500,000	1.01%
	At the end of the year	31/03/2020			500,000	1.01%	500,000	1.01%	500,000	1.01%

8	Chaluvaia Ramamohan								
	At the beginning of the year	01/04/2019		400,000	0.81%	400,000	0.81%		0.81%
	Changes during the year	06/02/2020		-	0.00%	-	0.00%		0.00%
	At the end of the year	31/03/2020		400,000	0.81%	400,000	0.81%		0.81%
9	Raja Sekher Bolisetty								
	At the beginning of the year	01/04/2019		337,500	0.68%	337,500	0.68%		0.68%
	Changes during the year		Transfer	40,000	0.08%	377,500	0.76%		0.76%
	At the end of the year	31/03/2020		377,500	0.76%	377,500	0.76%		0.76%
10	Dattatri Salgame								
	At the beginning of the year	01/04/2019		342,000	0.69%	342,000	0.69%		0.69%
	Changes during the year			-	0.00%	342,000	0.92%		0.92%
	At the end of the year	31/03/2020		342,000	0.69%	342,000	0.92%		0.92%

(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	ASHOK SOOTA						
	At the beginning of the year	01/04/2019		15,192,854	30.76%	15,192,854	30.76%
	Changes during the year	30/07/2019	Transfer	163	0.00%	15,193,017	30.76%
	Changes during the year	06/02/2020	Transfer	350,000	0.71%	15,193,017	31.47%
	Changes during the year	16/03/2020	Conversion of CCPS	12,225,000	24.75%	27,768,017	56.22%
	At the end of the year	31/03/2020		27,768,017	56.22%	27,768,017	56.22%

5	PRAVEEN KUMAR DARSHANKAR								
	At the beginning of the year	01/04/2019		20,000	0.04%	20,000		0.04%	0.04%
	Changes during the year	01/08/2019	Transfer	35,000	0.07%	55,000		0.11%	0.11%
	At the end of the year	06/02/2020		55,000	0.11%	55,000		0.11%	0.11%
V. INDEBTEDNESS									
Indebtedness of the Company including interest outstanding/accrued but not due for payment. (Amt. in Rs.)									
Particulars		Secured Loans excluding deposits		Unsecured Loans		Deposits		Total Indebtedness	
Indebtedness at the beginning of the financial year									
i)	Principal Amount	715,017,645		Nil		Nil		715,017,645	
ii)	Interest due but not paid	-		Nil		Nil		-	
iii)	Interest accrued but not due	-		Nil		Nil		-	
Total (i+ii+iii)		715,017,645.00						715,017,645.00	
Change in Indebtedness during the financial year									
* Addition		3,416,901,263		Nil		Nil		3,416,901,263	
* Reduction		-3,261,273,426		Nil		Nil		-3,261,273,426	
Net Change		-		Nil		Nil		-	
Indebtedness at the end of the financial year									
i)	Principal Amount	870,645,482		Nil		Nil		870,645,482	
ii)	Interest due but not paid	-		Nil		Nil		-	
iii)	Interest accrued but not due	-		Nil		Nil		-	
Total (i+ii+iii)		870,645,482						870,645,482	

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (Rs)
	Name	ASHOK SOOTA	VENKATRAMAN NARAYANAN	
	Designation	Director (EXECUTIVE CHAIRMAN)	CFO & WTD	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12,536,151	10,314,781	22,850,932
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	
2	Stock Option (No. of options)	-	500,000	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
5	- others, specify	-	-	-
	Others, please specify (PF+ Gratuity+ insurance)	305,580	395,554	701,134
	Total (A)	12,841,731	10,710,335	23,552,066
	Ceiling as per the Act	Not Applicable		

B. Remuneration to other Directors					
S. No.	Particulars of Remuneration	Name of Directors		Total Amount (Rs)	
1	Independent Directors	NOT APPLICABLE			
	Fee for attending board committee meetings				
	Commission				
	Others, please specify				
	Total (1)			-	-
2	Other Non-Executive Directors	GIRISH SHRIKRISHNA PARANUPE	AVNEET SINGH KOCHAR		-
	Fee for attending board committee meetings	Rs. 1 Lac per Board/ Committee meeting (Total paid: Rs. 9 Lacs)	-		900,000
	Commission	-	-		-
	Others, please specify	-	-		-
	Total (2)	-	-		900,000
	Total (B) = (1 + 2)	-	-		9,00,000
	Total Managerial Remuneration (A+B)				24,452,066
	Overall Ceiling as per the Act	NOT APPLICABLE			-

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD				
S. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (Rs)
	Name	VENKATRAMAN NARAYANAN	PRAVEEN KUMAR DARSHANKAR	
	Designation	Chief Financial Officer	Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10,314,781	3,830,121	14,144,902
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option (No. of options)	500,000	55,000	-
3	Sweat Equity	-	-	
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify (PF+ Gratuity+ insurance)	395,554	170,486	566,040
	Total (A)	10,710,335	4,000,607	14,710,942

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			Nil		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			Nil		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			Nil		
Punishment					
Compounding					

Shareholding Pattern (Equity + Preference shares on diluted basis) of the Company as on March 31, 2020

Name	Relation with the Company	%ge of shareholding
Ashok Soota	Promoter (Executive Chairman)	61.63%*
CMDB II	Investor (Foreign entity)	19.43%
Others	-	18.94%
Total		100%

*Note : Includes his shareholding through Ashok Soota Medical Research LLP

For and on behalf of the Board

Venkatraman N

Executive Director & CFO
DIN: 01856347

Ashok Soota

Executive Chairman
DIN: 00145962

Bangalore
Dated: July 10, 2020

Annexure II to Board's Report

A. Conservation of Energy

Your Company is in a knowledge intensive industry, and does not operate industrial machinery, production facilities, or other such energy intensive operations. However, as a responsible corporate citizen, it continues to pursue and adopt appropriate energy conservation measures.

Adequate measures have been taken to conserve energy by using energy efficient computers and equipment with latest technologies, which would help in conservation of energy. Some of the steps and practices followed by your Company are as below:

- Optimum usage of Air Conditioners throughout its premises by ensuring that there is no cool air leakage.
- Usage of LCD monitors (energy efficient) in place of normal CRT monitors
- Turning off monitors, when not in use.
- Turning off lights in all floors when employees are not working
- Turning off the air conditioners during non-peak hours and on weekends.
- Usage of treated water to recharge ground water.
- Installation of sun film to dissipate heat
- Usage of LED lights for all its lighting solution

As the cost of energy consumed form a small portion of the total cost, the Company has not utilized alternate sources of energy and has not made any recognizable capital investment on energy conservation equipment.

B. Technology Absorption

Technology Absorption, adaption and innovation

Your Company continues to track trends and latest developments in various technology areas, including those related to mobility, big data analytics, security, cloud computing, IoT, unified communications. Your Company has taken major initiatives and upped its leadership in IoT and Analytics Space. Your company developed solutions in Digital Process Automation leveraging intelligent process automation tools and technologies. It has also deepened in partnership with Microsoft for the Azure Implementations and with Amazon AWS as consulting partner. Your Company has also deep entered in Education and Industrial space, which helps increase the knowledge base within your Company, and enhances the ability of your Company to undertake larger and more complex projects which are of higher value. Your Company started to invest in emerging technologies like Robotic Process Automation, AI, Blockchain, Robotics with additional space around Drones. 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 IoT, Mobility, Big Data & Analytics, Security and Cloud Technologies that will have a major impact on the global technology landscape with the objective of increasing the sales volumes and improving delivery capability. Your Company continued developing capabilities and creating solutions in newer technologies like RPA, AI, Blockchain, Robotics & Drones. 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 Compliance Vigil, Ellipse – Infrastructure Management, Digital Content Monetization, Pro-RiTE Test Automation solution and UniVu-University Insights Solution.

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 acquiring new customers in the focus geographies and increased the 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, Big Data and Analytics, Digital process automation, Security and Customer Experience. Your Company continues to develop solutions in new disruptive technologies of Robotics Process Automation (RPA), Artificial Intelligence (AI), Blockchain, Robotics & Drones.

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 2019-20 was Rs.152.3 Mn.

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 Rs. Lacs		
	March 31, 2020	March 31, 2019
Foreign exchange earnings	61,633	52,197
Foreign exchange outgo	20,642	18,155

For and on behalf of the Board

Venkatraman N

Executive Director & CFO
DIN: 01856347

Ashok Soota

Executive Chairman
DIN: 00145962

Bangalore

Dated: July 10, 2020

Annexure III to Board's Report

Particulars of employees pursuant to Section 134 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel), 2014 and forming part of the Board's Report for the year ended March 31, 2020.

Name	Designation in the Company	Qualification	Remuneration (INR) for Fiscal 2020	%ge of equity shares on fully diluted basis	Experience (Years)	Age	Date of Joining	Nature of Employment	Last Employment
Chaluvaiya Ramamohan	President -IMSS	Electrical Engineer	10,514,778	0.36%	31 years	58	11-Dec-2017	Permanent	MindTree Limited
Ashok Soota	Executive Chairman & Director	Electrical Engineer & Master in Business Mgmt	12,841,731	61.63% (including shares held thru LLP)	53 years	77	1-April-2011 (re-appointed with effect from Aug 1, 2019)	Permanent	MindTree Limited
Aurobinda Nanda	President – PES	Post Graduate in Computer Applications	12,149,231	0.66%	27 years	51	1-Aug-2011	Permanent	MindTree Limited
Venkatraman N	Executive Director & CFO	Chartered Accountant & Law graduate	10,710,335	0.60%	25 years	49	23-Apr-2015	Permanent	Sonata Software Limited

Note:

1. None of the above employees are relative of any Directors;
2. In calculating the above remuneration ESOP cost has not been considered

For and on behalf of the Board

Venkatraman N
Executive Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bangalore
Dated: July 10, 2020

Annexure IV to Board's Report

Report on Corporate Governance

The guidelines issued on Corporate Governance under Clause 49 of the Listing Agreement do not apply to Happiest Minds at this time, since we are a privately held Company. However, as a matter of good corporate practice, we present this report on the matters covered by the said guidelines applicable to us.

I. Brief Statement on Company's Philosophy on Code of Corporate Governance

Happiest Minds is committed to good Corporate Governance and continuously strives to enhance the shareholder value without compromising on compliance of laws and regulations. We study and adopt best practices in the area even where they are not statutorily required. We are committed to observing the laws of the land in every country in which we operate.

II. Board of Directors

The Board of Directors of Happiest Minds as on March 31, 2020 comprised of 3 Directors, who are professionals in their respective areas of specialization and have held eminent positions. None of the Directors are related to each other.

The composition and category of Directors on the Board of the Company as on March 31, 2020 are:

Name of the Director	Designation	Category
Ashok Soota	Executive Chairman	Promoter Executive Director
Avneet Singh Kochar	Director	Non-Executive Director
Venkatraman Narayanan	Whole-time Director	Executive Director

The guidelines require that at least one of the three Directors be independent where the Chairman is an Executive Chairman. Since there are no external minority shareholders, we feel that the above structure protects adequately protects the interest of the shareholders. However, as of the date of this report, in compliance with the Companies Act 2013 and regulation issued by the Securities Exchange Board of India we have reconstituted the Board with 3 Independent Directors.

During the financial year 2019-20, five (5) meetings of the Board were held with a time gap of not more than 120 days between any two meetings. The Board Meetings are prescheduled and adequate notice is given to the member. Board Meetings are generally held at the registered office of the Company.

The Board held its meetings on April 4, 2019; May 20, 2019; August 1, 2019; November 13, 2019; and February 6, 2020.

Attendance of Directors at Board and Annual General Meeting held during the year 2019-20:

Director	Board Meeting entitled to attend	Board Meeting attended	Whether present at AGM held on Aug 1, 2019
Ashok Soota	5	4	Yes
Avneet Singh Kochar	5	5	Yes
Girish Shrikrishna Paranjpe*	5	5	Yes
Venkatraman Narayanan	5	5	Yes

*Resigned with effect from Mar 10, 2020.

III. Remuneration to Directors:

Details of Remuneration paid to Directors for the Financial Year 2019-20

Name	Salary & Perquisites (In INR Lacs)	Sitting Fees (In INR Lacs)
Avneet Singh Kochar	NIL	Nil
Ashok Soota	128.42	Nil
Girish Shrikrishna Paranjpe*	NIL	INR One (1) Lac per meeting of Board/Committee (Total paid: INR 9 Lacs)
Venkatraman N	107.10	Nil

*Resigned with effect from Mar 10, 2020.

IV. Audit Committee

Terms of Reference

The Audit Committee has inter alia the following mandate:

1. To oversee the Company's financial reporting process and disclosure of its financial information to ensure the financial statements are correct, sufficient and credible.
2. To recommend appointment / re-appointment and removal of the Statutory Auditors, fixation of audit fees and also approve payment for other services rendered.
3. To review with the Management, performance of statutory and internal auditors, the adequacy of internal control systems, changes in accounting policies / procedures, major accounting entries based on the exercise of judgment by Management, significant adjustments in the financial statements arising out of audit findings, statutory compliance, qualifications in draft audit report, default in payments to shareholders / creditors, if any.
4. Discussion with statutory / internal auditors on nature and scope of audit, any significant findings / investigations and follow up thereon.
5. To review, with the Management, quarterly and annual financial statements before submission to the Board for approval.
6. To review the Company's financial and risk Management policies.
7. To review statement of significant related party transactions, Management letters / letters of internal control weaknesses and appointment, removal and terms of remuneration of the Internal Auditor.

Composition as on March 31, 2020:

Grish Shrikrishna Paranjpe* - Chairman (Non Executive Director)

Avneet Singh Kochar - Member (Non Executive Director)

Ashok Soota - Member (Promoter Executive Director)

*Resigned with effect from Mar 10, 2020.

Meetings and attendance during the year 2019-20:

Members	Meetings held	Meetings Attended
Girish Shrikrishna Paranjpe	4	4
Avneet Singh Kochar	4	4
Ashok Soota	4	3

V. Grievance Committee

The Grievance Committee facilitates prompt and effective redressal of employee complaints and reporting of the same to the Board periodically.

There were no meetings held during the year 2019-20 as there were no instances of grievances reported.

VI. Compensation Committee

The Compensation Committee reviews the policy on remuneration packages for Executive Directors and Senior Management, their Service Contracts, Stock Options schemes for employees etc.

Composition:

Ashok Soota - Chairman (Promoter Executive Director)

Avneet Singh Kochar - Member (Non-Executive Director)

Girish Shrikrishna Paranjpe* - Member (Non Executive Director)

*Resigned with effect from Mar 10, 2020.

Meetings and attendance during the year 2019-20

Members	Meetings held	Meetings Attended
Ashok Soota	2	1
Avneet Singh Kochar	2	2
Girish Shrikrishna Paranjpe*	2	2

VII. General Body Meetings

The Annual General Meetings of the Company were held in the registered office of the Company. Details of last three AGMs held are as below:

Financial Year	Date	Time
2016-2017	July 31, 2017	5:00 p.m.
2017-2018	August 7, 2018	5:00 p.m.
2018-2019	August 1, 2019	5:00 p.m.

AGM held on	Summary of Special Resolutions
July 31, 2017	1. Variation in rights of Class B Non Voting Equity Shares 2. Reclassification of Authorised Share Capital of the Company 3. Alteration of Articles of Association of the Company 4. Modification of Employee Share Option and Purchase Plan-2011 and Employee Share Option and Purchase Plan-2015 5. Modification of 2011 Equity Incentive Plan for US Personnel
August 7, 2018	Appointment of Mr.Venkatraman N as Whole-time Director of the Company
August 1, 2019	Re-appointment of Mr.Ashok Soota as Executive Chairman and Director

VIII. Other Disclosures

- There was no change in the nature of the business of the Company during the year.
- There are no Joint ventures and Associate Company during the year under review.
- Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).
- The provisions of the secretarial audit under section 204 of the Companies Act, 2013 is not applicable.
- There were no significant and material orders passed by the Regulators, Courts or Tribunals impacting going concern status and Company's operations in future.

Sexual Harassment Policy

Your Company has always believed in providing a safe and harassment free workplace for every individual working in your Company premises through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. There were no complaints reported under The Sexual Harassment of Women at Workplace (Prevention, Provision and Redressal) Act, 2013 and rules made thereunder during the year under review.

Disclosure on materially significant related party transactions that may have potential conflict with the interests of the Company at large.

Details are provided in Note 37/Note 36 under Notes forming part of the Accounts (both standalone and consolidated) in accordance with the Indian Accounting Standards.

For and on behalf of the Board

Venkatraman N

Executive Director & CFO
DIN: 01856347

Ashok Soota

Executive Chairman
DIN: 00145962

Bangalore

Dated: July 10, 2020

Annexure V

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 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 Rs.)

Sl. No.	Particulars	
1.	Name of the subsidiary	Happiest Minds Technologies LLC
2.	The date since when subsidiary was acquired	1-April-2017
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1-Apr-2019 to 31-Mar-2020
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 -75.37
(Figures in Rs. Lacs)		
5.	Share capital	1,003
6.	Reserves and surplus	(1,084)
7.	Total assets	3
8.	Total Liabilities	3
9.	Investments	NIL
10.	Turnover	-
11.	Profit before taxation	(39)
12.	Provision for taxation	NIL
13.	Profit after taxation	(39)
14.	Proposed Dividend	NIL
15.	Extent of shareholding (in percentage)	100%

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations- Nil
- Names of subsidiaries which have been liquidated or sold during the year- Nil

Part B Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

<NOT APPLICABLE>

Name of Associates or Joint Ventures	Name 1	Name 2	Name 3
1. Latest audited Balance Sheet Date			
2. Date on which the Associate or Joint Venture was associated or acquired			
3. Shares of Associate or Joint Ventures held by the company on the year end			
No.			
Amount of Investment in Associates or Joint Venture			
Extent of Holding (in percentage)			
4. Description of how there is significant influence			
5. Reason why the associate/joint venture is not consolidated			
6. Networth attributable to shareholding as per latest audited Balance Sheet			
7. Profit or Loss for the year			
i. Considered in Consolidation			
ii. Not Considered in Consolidation			

1. Names of associates or joint ventures which are yet to commence operations - Nil
2. Names of associates or joint ventures which have been liquidated or sold during the year – Nil

For and on behalf of the Board

Venkatraman N

Executive Director & CFO
DIN: 01856347

Ashok Soota

Executive Chairman
DIN: 00145962

Bangalore
Dated: July 10, 2020

Praveen Kumar Darshankar

Company Secretary & Compliance Officer

Annexure VI

Annual Report on CSR

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

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. The CSR policy is available on the website of the Company under the below provided weblink:

<https://www.happiestminds.com/policy-documents/HappiestMinds-CSR-Policy.pdf>

2. The Composition of the CSR Committee.

Composition as on March 31, 2020:

Ashok Soota - Executive Chairman (Chairman of the Committee)

N. Venkatraman - Executive Director & CFO (Member)

The CSR committee was reconstituted as on June 4, 2020 as mentioned below:

Mr. Avneet Kochar, - Director (Chairman of the Committee)

Ms. Shubha Rao Mayya - Independent Director (Member)

Mr. Ashok Soota, - Executive Chairman (Member)

3. Average net profit of the company for last three financial year

Sl. No.	Particulars	Amount in Rs.
1	FY 2018-19	127,795,852
2	FY 2017-18	(130,571,310)
3	FY 2016-17	74,207,350
Average net profit of the company for last three financial year		23,810,631

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):

Sl. No.	Particulars	Amount in Rs.
1	Prescribed CSR Expenditure (2% Average net profit of the company for last three financial year)	476,212.61

5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year; INR 476,212.61

(b) Amount unspent, if any; NIL

(c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	THE AKSHAYA PATRA FOUNDATION	Education	1) Local area 2) Rajajinagar, Bengaluru, Karnataka	INR 10 lakhs	Direct Expenditure: INR 20,81,200 (contribution of 4.3 lakh Midday Meals)	INR 20,81,200	Direct
	TOTAL				INR 20,81,200	INR 20,81,200	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

The Company has spent more than what is prescribed under the CSR regulations. Hence, not applicable.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board

Venkatraman N
Executive Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bangalore
Dated: July 10, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Happiest Minds Technologies Private Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Happiest Minds Technologies Private Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information

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 other auditors on separate Ind AS financial statements and on the other financial information of the Happiest Minds Technologies Share Ownership Plans Trust (the "ESOP Trust"), the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, their profit including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. The Board report is not made available to us as at date of this auditor's report. We have nothing to report in this regard.

Responsibility of Management for the Standalone Ind AS 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 Ind AS 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 the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the 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 standalone Ind AS 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 Ind AS financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 Ind AS 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 Ind AS 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 control 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 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 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 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 Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 control 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.

Other Matter

We did not audit the financial statements and other financial information, in respect of the ESOP Trust, whose Ind AS financial statements include total assets of Rs. 1,068 lakhs, Rs. 517 lakhs and Rs. 566 lakhs as at March 31, 2020, March 31, 2019 and April 1, 2018, respectively, net assets of Rs. 1,051 lakhs, Rs. 363 lakhs and Rs. 115 lakhs as at March 31, 2020, March 31, 2019 and April 1, 2018, respectively, total revenues of Rs. Nil and net cash inflows of Rs. 250 lakhs, Rs. 35 lakhs and Rs. 25 lakhs for the years ended on that date. These Ind AS financial statements and other financial information have been audited by other auditor, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The standalone Ind AS financial statements also include the ESOP Trust's share of net loss of Rs. 4.75 lakhs, Rs. 2 lakhs and Rs. 0.2 lakhs for the year ended March 31, 2020, March 31, 2019 and April 1, 2018, respectively, as considered in the standalone financial statements, in respect of the ESOP Trust whose financial statements, other financial information have been audited by other auditor and whose reports have been furnished to us by the Management. Our opinion on the standalone Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this ESOP Trust, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid trust, is based solely on the report(s) of such other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

(a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid standalone Ind AS financial statements

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2020;

(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 and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the ESOP Trust as noted in the 'Other matter' paragraph:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 39 to the standalone Ind AS 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.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Sumit Mehra
Partner
Membership Number: 096547
UDIN:
Place of Signature: Bengaluru
Date: May 13, 2020

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE

Re: Happiest Minds Technologies Private Limited ('the Company')

We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, goods and service tax, customs duty and cess which have not been deposited on account of any dispute
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.

- (x) Based upon the audit procedures performed for the purpose of reporting the true and /fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Sumit Mehra
Partner
Membership Number: 096547
UDIN:
Place of Signature: Bengaluru
Date: May 13, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Happiest Minds Technologies Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone 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 based on the internal control over financial reporting 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 over financial reporting with reference to these standalone financial statements 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") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting with reference to these 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these 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 internal financial controls over financial reporting with reference to these standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these 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 over financial reporting with reference to these 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 Over Financial Reporting With Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting 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.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Sumit Mehra
Partner
Membership Number: 096547
UDIN:
Place of Signature: Bengaluru
Date: May 13, 2020

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Standalone Balance Sheet as at 31 March 2020

(All amounts in INR lakhs, unless otherwise stated)

	Notes	As at 'March 31, 2020	As at March 31, 2019	As at April 01, 2018
Assets				
Non- current assets				
Property, plant and equipment	3	91	212	262
Capital work-in-progress	3	-	-	14
Goodwill	4	611	1,737	2,498
Other intangible assets	4	73	197	395
Right-of-use assets	5	3,005	3,964	5,398
Intangibles assets under development	4	17	17	-
Investment		-	-	2,222
Financial assets	6			
i. i. Loans	7	767	618	575
ii. Other financial asset	8	368	233	186
Income tax assets (net)	9	1,335	920	584
Other assets	10	33	48	40
Total non-current assets		6,300	7,946	12,174
Current assets				
Financial assets				
i. i. Investments	12	8,337	9,815	13,862
ii. ii. Trade receivables	13	11,487	12,752	8,855
iii. iii. Cash and cash equivalents	14	4,350	2,605	1,522
iv. iv. Loans	7	100	187	285
v. v. Other financial assets	8	19,174	7,020	1,247
Other assets	10	1,063	854	1,361
Total current assets		44,511	33,233	27,132
Total assets		50,811	41,179	39,306
Equity and liabilities				
Equity				
Equity share capital	15	879	597	375
Instruments entirely in the nature of equity	16	3,634	2,230	2,229
Other equity	17	22,048	(9,586)	(12,528)
Total equity		26,561	(6,759)	(9,924)
Liabilities				
Non-current liabilities				
Financial liabilities				
i. Borrowings	18	132	850	1,483
ii. Lease liabilities	19	1,731	2,959	4,265
Provisions	20	1,255	940	812
Total non-current liabilities		3,118	4,749	6,560

Current liabilities

Contract liability	21	781	1,067	514
Financial liabilities				
i. Borrowings	18	6,916	6,012	6,855
ii. Lease liabilities	19	1,812	1,534	1,415
iii. Trade payables	22			
(A) Total outstanding due to micro enterprises and small enterprises		12	40	38
(B) Total outstanding due to creditors other than micro enterprises and small enterprises.		3,451	2,867	2,347
iv. Other financial liabilities	23	6,397	29,948	30,018
Provisions	20	1,246	998	816
Other current liabilities	24	517	723	667
Total current liabilities		21,132	43,189	42,670
Total liabilities		24,250	47,938	49,230
Total equity and liabilities		50,811	41,179	39,306
Summary of significant accounting policies	2			

The notes referred to above form an integral part of the Consolidated Financial Statement.

As per our report of even date

for S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm's Registration Number: 101049W/E300004

for and on behalf of the Board of Directors:

Happiest Minds Technologies Private Limited

CIN: U72900KA2011PTC057931

per **Sumit Mehra**

Partner

Membership no.: 096547

Place: Bengaluru, India

Date: May 13, 2020

Ashok Soota

Executive Chairman

DIN: 00145962

Place: Bengaluru, India

Date: May 13, 2020

Venkatraman Narayanan

Director & Chief Financial Officer

DIN: 01856347

Place: Bengaluru, India

Date: May 13, 2020

Praveen Darashankar

Company Secretary

FCS No.: F6706

Place: Bengaluru, India

Date: May 13, 2020

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Standalone Statement of Profit and Loss for the year ended 31 March 2020

(All amounts in INR lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Income			
Revenue from contracts with customers	25	69,821	59,036
Other income	26	1,598	1,125
Total income		71,419	60,161
Expenses			
Employee benefits expense	27	44,123	38,142
Depreciation and amortisation	28	2,023	2,024
Finance cost	29	799	1,589
Other expenses	30	15,815	15,012
Total expenses		62,760	56,767
Profit before exceptional items and tax		8,659	3,394
Exceptional Items	31	1,126	2,983
Profit before tax		7,533	411
Current tax	32	172	-
Adjustment of tax relating to earlier periods	32	18	-
Profit for the year		7,343	411
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		(967)	252
Income tax effect	32	-	-
		(967)	252
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement gains/ (losses) on defined benefit plans		(139)	(45)
Income tax effect	32	-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		(139)	(45)
Other comprehensive income for the year, net of tax		(1,106)	207
Total comprehensive income for the year		6,237	618
Earnings per equity share			
Basic	33	7.21	0.55
Diluted	33	5.49	0.33
Summary of significant accounting policies	2		

The notes referred to above form an integral part of the Consolidated Financial Statement.

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

for and on behalf of the Board of Directors:
Happiest Minds Technologies Private Limited
 CIN: U72900KA2011PTC057931

per **Sumit Mehra**
 Partner
 Membership no.: 096547

Place: Bengaluru, India
 Date: May 13, 2020

Ashok Soota
 Executive Chairman
 DIN: 00145962

Place: Bengaluru, India
 Date: May 13, 2020

Venkatraman Narayanan
 Director & Chief Financial Officer
 DIN: 01856347

Place: Bengaluru, India
 Date: May 13, 2020

Praveen Darashankar
 Company Secretary
 FCS No.: F6706

Place: Bengaluru, India
 Date: May 13, 2020

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Standalone Statement of Cash Flows for the year ended 31 March 2020

(All amounts in INR lakhs, unless otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Operating activities		
Profit before tax	7,533	411
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment and right-of-use assets	2,023	2,024
(Gain)/ loss on disposal of property, plant and equipment, net	-	5
Share-based payment expense	266	603
Gain on investment carried at fair value through profit and loss	(121)	(659)
Gain on sale of investment carried at fair value through profit and loss	(455)	(113)
Interest income	(463)	(294)
Impairment of investment in subsidiary	-	2,222
Impairment of goodwill	1,126	761
Unrealised foreign exchange (gain)/ loss	(173)	840
Impairment loss	657	795
Acquisition related receivables written off	-	165
Finance costs	799	1,589
Operating cash flow before working capital changes	11,192	8,349
Movements in working capital:		
(Increase)/ decrease in trade receivables	1,330	(4,991)
(Increase)/ decrease in loans	(48)	153
(Increase)/ decrease in non-financial assets	(194)	499
(Increase)/ decrease in financial assets	(2,775)	(824)
Increase/ (decrease) in trade payables	472	523
Increase/ (decrease) in financial liabilities	1,958	1,596
Increase/ (decrease) in provisions	424	265
Increase/ (decrease) in contract liabilities	(286)	553
Increase/ (decrease) in other non-financial liabilities	(206)	56
	11,867	6,179
Income tax paid	(605)	(336)
Net cash flows from operating activities (A)	11,262	5,843
Investing activities		
Purchase of property, plant and equipment	(46)	(79)
Purchase of intangible assets	(67)	(24)
Proceeds from sale of property, plant and equipment	-	8
Investment in bank deposit	(9,769)	(4,956)
Proceeds from sale of investments	2,054	4,819
Interest received	379	181
Net cash flows used in investing activities (B)	(7,449)	(51)
Financing activities		
Repayment of long-term borrowings	(755)	(747)
Proceeds / (repayment) of short term borrowings (net)	1,430	(2,378)
Payment of principal portion of lease liabilities	(1,659)	(1,443)
Payment of interest portion of lease liabilities	(412)	(544)
Proceeds from exercise of share options	442	(177)
Proceeds from issue of preference shares	-	21
Interest paid	(326)	(566)
Net cash flows used in financing activities (C)	(1,280)	(5,834)

Net increase in cash and cash equivalents	2,533	(42)
Net foreign exchange difference	212	125
Cash and cash equivalents at the beginning of the year	1,605	1,522
Cash and cash equivalents at the end of the year	4,350	1,605
Components of cash and cash equivalents		
Balance with banks		
- on current account	1,428	2,430
- in EEFC accounts	1,922	175
Deposits with original maturity of less than three months	1,000	-
Less: Bank overdraft	-	(1,000)
Total cash and cash equivalents	4,350	1,605
Summary of significant accounting policies	2	

The notes referred to above form an integral part of the Consolidated Financial Statement.

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

for and on behalf of the Board of Directors:
Happiest Minds Technologies Private Limited
CIN: U72900KA2011PTC057931

per **Sumit Mehra**
Partner
Membership no.: 096547

Place: Bengaluru, India
Date: May 13, 2020

Ashok Soota
Executive Chairman
DIN: 00145962

Place: Bengaluru, India
Date: May 13, 2020

Venkatraman Narayanan
Director & Chief Financial
Officer
DIN: 01856347

Place: Bengaluru, India
Date: May 13, 2020

Praveen Darashankar
Company Secretary
FCS No.: F6706

Place: Bengaluru, India
Date: May 13, 2020

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Standalone Statement of Changes in Equity for the year ended 31 March 2020

(All amounts in INR lakhs, unless otherwise stated)

a) Equity share capital	No of Shares	Amount
Equity shares of INR 2 each issued, subscribed, and fully paid		
At April 1, 2018	18,755,367	375
Issued during the year	-	-
Issue of shares by trust - refer note (i) below	751,831	15
Change on account of modification of ESOP - refer note (ii) below	10,326,054	207
At March 31, 2019	29,833,252	597
Issued during the year - refer note (iii) below	12,225,000	245
Issue of shares by trust - refer note (iv) below	1,840,925	37
At March 31, 2020	43,899,177	879

Note:

(i) During the year ended March 31, 2019 Employee Benefit Trust (EBT) has issued 751,831 equity share to the employee on exercise of Employee Share Option Plan (ESOP).

(ii) As per Employee Share Option Plan (ESOP) in case of resignation of the employee, the employee is mandatorily required to surrender all the shares exercised pursuant to ESOP to the Company. The Company in its Board meeting held in January 2019, passed a resolution modifying the terms of ESOP with effect from March 31, 2019. Pursuant to modification in ESOP the employees who have completed vesting condition are allowed to retain the shares acquired pursuant to ESOP.

(iii) During the year ended March 31, 2020, an Series A 14% Non Cumulative compulsorily convertible preference (CCPS) shares holder has converted 75,000 CCPS into equity at a ratio of 1:163.

(iv) During the year ended March 31, 2020 Employee Benefit Trust (EBT) has issued 1,840,925 equity shares to the employee exercise of Employee Share Option Plan (ESOP).

b) Instruments entirely in the nature of equity	No of Shares	Amount
Series A 14% Non-Cumulative compulsorily convertible preference shares (CCPS) of INR 652 each issued, subscribed and fully paid.		
At April 1, 2018	341,885	2,229
Issued during the year	188	1
At March 31, 2019	342,073	2,230
Increase on account of modification of CCPS - refer note (i) & (ii) below	290,272	1,893
Conversion into equity shares during the year - refer note (a) (iii) above	(75,000)	(489)
At March 31, 2020	557,345	3,634

Note:

(i) On March 25, 2020, CMDDB II has waived its right for exit option including the buyback for 167,173 Series A 14% Non Cumulative compulsorily convertible preference shares (CCPS). Upon waiver of rights, the existing CCPS classified as liability is treated as instrument entirely in nature of equity. These CCPS on date of modification is accounted at fair value. There is no gain/loss on derecognition of liability.

(ii) On July 1, 2019, Intel Capital Corporation ("Intel") has entered into a share purchase agreement with Mr. Ashok soota, pursuant to which Intel has sold 123,099 Series A 14% Non Cumulative compulsorily convertible preference shares (CCPS) to Mr. Ashok soota. Upon such transfer, the existing CCPS classified as liability is now treated as instruments entirely in the nature of equity.

c) Other equity	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 01, 2018	16,518	-	(29,031)	(15)	(12,528)
Profit for the year	-	-	411	-	411
Other comprehensive income	-	-	(45)	-	(45)

Net movement on effective portion of cash flow hedges	-	-		252	252
Total comprehensive income	-	-	366	252	618
Increase during the year	20	-	-	-	20
Transfer from Employee Share Option Plan (ESOP) liability on account of modification of ESOP - refer note (a) (ii) above	2,064	240	-	-	2,304
As at March 31, 2019	18,602	240	(28,665)	237	(9,586)
Profit for the year	-	-	7,343	-	7,343
Other comprehensive income	-	-	(139)	-	(139)
Net movement on effective portion of cash flow hedges	-	-	-	(967)	(967)
Total comprehensive income	-	-	7,204	-967	6,237
Increase during the year	245	-	-	-	245
Exercise of share option by employees	405	-	-	-	405
Transferred to retained earnings for vested options forfeited	-	(52)	52	-	-
Change on account of modification of preference shares - refer note (b) (i) and (b) (ii) above	24,481	-	-	-	24,481
Reduction in capital - refer note (i) below	(15,952)	-	15,952	-	-
Fair value impact on account of modification in ESOP	-	-	-	-	-
Share-based payments expense	-	266	-	-	266
As at March 31, 2020	27,781	454	(5,457)	(730)	22,048

Note

(i) The Company had filed for capital reduction through NCLT and received an order on November 5, 2019 for writing off the accumulated losses of the Company being the debit balance of profit and loss Account as appearing in the Standalone Financial Statement of the Company as at March 31, 2018 prepared under previous GAAP ("Indian GAAP") with securities premium. The accumulated losses of the company as at March 31, 2018 is INR 17,233 Lacks and during the year ended March 31, 2019 the Company has earned a profit of INR 1,281 Lacks under Indian GAAP and the accumulated balance in profit and loss account as at March 31, 2019 was INR 15,952 Lacks. This balance has been written off in the current year.

Summary of significant accounting policies

The notes referred to above form an integral part of the Consolidated Financial Statement.

As per our report of even date

for S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm's Registration Number: 101049W/E300004

for and on behalf of the Board of Directors:

Happiest Minds Technologies Private Limited

CIN: U72900KA2011PTC057931

per **Sumit Mehra**

Partner

Membership no.: 096547

Place: Bengaluru, India

Date: May 13, 2020

Ashok Soota

Executive Chairman

DIN: 00145962

Place: Bengaluru, India

Date: May 13, 2020

Venkatraman Narayanan

Director & Chief Financial Officer

DIN: 01856347

Place: Bengaluru, India

Date: May 13, 2020

Praveen Darashankar

Company Secretary

FCS No.: F6706

Place: Bengaluru, India

Date: May 13, 2020

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Notes to the Standalone Financial Statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

Corporate Information

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

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

The Company's Standalone Financial Statement for the year ended March 31, 2020 were approved by Board of Directors on May 13, 2020.

1. Basis of preparation of Consolidated Financial Statement

a. Statement of Compliance

"The Standalone Financial Statement 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) with effect from April 1, 2018.

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.

"

For all periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These Standalone Financial Statement for the year ended 31 March 2020 are the first the Company has prepared in accordance with Ind AS. Refer to note 44 for information on how the Company adopted Ind AS.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS - 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 44.

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

These Standalone Financial Statement 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, 2020.

The Standalone Financial Statement 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) Employee share based payments - cash settled transactions

b. Functional currency and presentation currency

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

c. Use of estimates and judgements

In preparing these Standalone Financial Statement, 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 statement in the period in which changes are made and, if material, their effects are disclosed in the notes to the Standalone Financial Statements.

Judgements:

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Standalone Financial Statement 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 31 March, 2020 is included in the following notes:

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

d. Current and non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is treated as current when:

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

All other liabilities are classified as non-current.

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

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

2. Significant accounting policies

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

a. Revenue recognition

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

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

Rendering of engineering services

Revenues from engineering 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 and where there is no uncertainty as to measurability or collection of consideration is recognised in accordance with the proportionate performance method. The input (efforts expended) method has been used to measure progress towards completion, as there is a direct relationship between input and productivity. Provisions for estimated losses on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. In determining the transaction price for rendering of engineering services, the Company considers the effect of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customers if any. Revenue is recognised net of trade and cash discounts.

Trade receivables

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

Variable consideration

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

Sale of licenses

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

Contract balances

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

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

Interest income

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

For all financial instruments measured at 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 when the right to receive the dividend is established, which is generally when shareholders approve the dividend. Dividend income is included under the head "Other income" in the statement of profit and loss.

b. Business Combination

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

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are 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. 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 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 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 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 recognized 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 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 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

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet on the basis of historical cost. For the transition to Ind AS, the Group has elected to continue with the carrying value for all of its property, plant and equipment recognized as of April 01, 2018 (date of transition to Ind AS) measured as per the previous GAAP and use that carrying value as its deemed cost as at the date of transition.

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 Group 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 statement of profit and loss during the reporting period when they are incurred.

'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 INR 5,000 or less are depreciated at 100% in the year in which such assets are ready to use.

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

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

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

Leasehold improvements are amortized 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

The Group has restated its business combination from April 01, 2017 resulting into restatements of Goodwill, customer relationships, trademark and non-compete (refer note 43). For all other intangible assets, the Group has elected to continue with the carrying value for all of its Intangible assets recognized as of April 01, 2018 (date of

transition to Ind AS) measured as per the previous GAAP and use that carrying value as its deemed cost as at the date of transition.

Goodwill

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

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

Other intangible assets

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

An item of intangible asset 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.

Amortization methods and periods

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

Asset	Life in Years
Computer software	2.5-3 years
Non-compete fees	3 years
Customer relations	3 years

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

Research costs are expensed as incurred. Development expenditures on an individual project are recognized 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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

e. Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such

transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

Impairment losses of continuing operations, including impairment on inventories, are recognized 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 recognized 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 recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or Cash Generating Unit's (CGU's) recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized 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 recognized. 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 capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g. Leases

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

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

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes 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 recognizes 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 recognized, initial direct costs incurred, and lease payments made at or before the

commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

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

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

Lease liabilities

At the commencement date of the lease, the Group recognizes 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 recognized 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.

Sublease

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

Short-term leases and leases of low-value assets

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

Lease and non-lease component

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

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

Extension and termination option

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

Group as lessor

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

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

h. Investment in subsidiary

The Company has elected to recognize its investments in subsidiary and associate companies at cost in accordance with the option available in Ind AS - 27, 'Separate Financial Statements', less accumulated impairment loss, if any. Cost represents amount paid for acquisition of the said investments. The details of such investment is given in note 6. Refer to the accounting policies in note 2(e) for policy on impairment of non-financial asset.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit and loss.

i. Financial Instruments

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

Non-derivative financial instruments:

a) Financial assets

Initial recognition and measurement

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

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

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized 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 recognized 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 amortized 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 amortized cost

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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 13.

Debt instrument at Fair Value Through Other Comprehensive Income (FVTOCI)

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

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent 'solely payments of principal and interest (SPPI)'.

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

Debt instrument at Fair Value Through Profit or Loss (FVTPL)

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

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

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

Equity investments

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

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Reclassification of financial assets

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

Impairment of financial assets

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

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance
- b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS - 115.

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

- Trade receivables or contract revenue receivables

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

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

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

Financial Instruments (continued)

b) Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payables, as appropriate.

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts. The subsequent measurement of financial liabilities depends on their classification, which is described below.

Subsequent measurement

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

Financial liabilities at fair value through profit and loss (FVTPL)

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

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

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

c) Loans and Borrowings

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

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

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

Derecognition

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

d) Offsetting of financial instruments

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

Derivative financial instruments:

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 recognized 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 recognized in Other Comprehensive Income (OCI) and later reclassified to statement of profit and loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

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

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

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

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

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

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

Cash flow hedges

The Group designates certain foreign exchange forward and interest rate swaps as cash flow hedges with an intention to hedge its existing liabilities and highly probable transaction in foreign currency. When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized 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 recognized 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 recognized 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 recognized in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedge reserve is reclassified to the Statement of Profit and Loss.

Compulsorily Convertible Preference Shares (CCPS)

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

j. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous

market to which the 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 categorized 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 recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (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 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.

l. Foreign currency translation

Functional and presentation currency

Items included in the Standalone Financial Statement 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 (INR), which is functional and presentation currency of the Company.

Transactions and balances

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

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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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.

n. 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.

As per Employee share option plan (ESOP) in case of resignation of the employee, the employee is mandatory required to surrender all the shares exercised pursuant to ESOP to the Company. The Company in its Board meeting held in January 2019, passed a resolution modifying the terms of ESOP with effect from March 31, 2019. Pursuant to modification in ESOP the employees is allowed to hold retain the shares acquired pursuant to ESOP.

Cash-settled transactions:

The Stock option plan of the Company, up to March 31, 2019 is classified as cash settled transaction based on the constructive obligation for settlement of option in cash.

The cost of cash-settled transactions is measured initially at fair value at the grant date. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognized in employee benefits expense.

Modification of plan:

The right for cash settlement of option is removed with effect from April 01, 2019 resulting into modification in plan from Cash settled to Equity settled transaction. The modification is accounted as per below principals:

- The equity-settled share-based payment transaction is measured by reference to the fair value of the equity instruments granted at the modification date i.e. April 01, 2019.
- The liability for the cash-settled share-based payment transaction as at the modification date is derecognized on that date.
- The difference between the carrying amount of the liability derecognized and the amount of equity recognized on the modification date is recognized immediately in the statement of profit and loss.

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 recognized, 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 recognized 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 recognized as at the beginning and end of that period and is recognized 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 recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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

o. Taxation

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

Current income tax

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

Current income tax relating to items recognized outside the statement of profit and loss is recognized outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 utilized, 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 recognized 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 utilized.

'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 utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

'Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, 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 recognized outside profit and loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized 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 recognized subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognized 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 recognized in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realized are recognized 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 realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Minimum Alternate Tax (MAT)

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

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

p. Treasury shares

The 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 of the Parent Company from the employees/ Parent Company, for giving shares to employees. The Group treats EBT as its extension and shares held by EBT are treated as treasury shares.

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity share capital. No gain or loss is recognized in profit and loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in ESOP liability / securities premium. Share options exercised during the reporting period are satisfied with treasury shares.

q. Provisions and Contingent Liabilities

Provisions

Provisions are recognized 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 recognized 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 recognized 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 recognized 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 segments based on the dominant source, nature of risks and return and the internal organization 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 41 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 Group 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. Critical estimates and judgements

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

Significant estimates

(a) Defined benefit plans

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

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

The Group is engaged in the business of providing IT services including digital solutions, around product engineering, cloud, analytics, automation, infrastructure management, security, automated testing, etc. to enterprises across the world. The Group's customers are spread across geographies including the US, Europe, Asia and India.

(d) Impact of pandemic

The outbreak of Coronavirus (COVID-19) has been declared as a pandemic by the World Health Organisation has significantly impacted life and businesses around the globe. Governments across the world including India have taken drastic measures to contain the outbreak and has implemented a nation-wide lockdown.

The Group is engaged in the business of providing IT services including digital solutions, around product engineering, cloud, analytics, automation, infrastructure management, security, automated testing, etc. to enterprises across the world. The Group's customers are spread across geographies including the US, Europe, Asia and India.

The Group has carried out an assessment of recoverability of its assets, by considering internal and external information up to the date of approval of these financial statements. Substantial portion of its revenues are earned from offshore business being delivered from India; there is adequate working capital, customer demand and cost control measures have been undertaken by the Group. Accordingly the impact of pandemic on the Group's business stands fairly mitigated.

The impact of this pandemic may be different from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes future economic conditions and continually assesses its impact including taking appropriate steps to mitigate the same.

Critical judgements

Deferred taxes

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all the deductible temporary differences, carry forward of unused tax credits and unused tax losses, however the same is restricted to the extent of the deferred tax liabilities unless it is probable that sufficient taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. In the absence of reasonable certainty over recoverability of deferred taxes on carry forward losses no deferred tax assets have been recognised up to March 31, 2020.

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED						
Notes to the Standalone Financial Statements for the year ended March 31, 2020						
(All amounts in INR lakhs, unless otherwise stated)						
3. Property, plant and equipment						
	Computer Systems	Office equipment	Furniture and fixtures	Leasehold improvements	Total	Capital work-in-progress (CWIP)
Gross carrying amount						
Deemed cost						
As at April 01, 2018	144	95	19	4	262	14
Additions	49	4	1	25	79	-
Transfers from CWIP	-	-	-	14	14	(14)
Disposals	-	-	-	-	-	-
As at March 31, 2019	193	99	20	43	355	-
Additions	23	17	3	3	46	-
Transfers from CWIP	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
As at March 31, 2020	216	116	23	46	401	-
Accumulated Depreciation						
As at April 01, 2018	-	-	-	-	-	-
Charge for the year	80	41	9	13	143	-
Disposals	-	-	-	-	-	-
As at March 31, 2019	80	41	9	13	143	-
Charge for the year	108	37	7	15	167	-
Disposals	-	-	-	-	-	-
As at March 31, 2020	188	78	16	28	310	-
Net book value						
As at April 01, 2018	144	95	19	4	262	14
As at March 31, 2019	113	58	11	30	212	-
As at March 31, 2020	28	38	7	18	91	-

4. Intangible Assets						
	Goodwill (Note 1)	Other intangible assets*				Intangibles assets under development
		Customer relationships	Non-compete	Computer software	Total	
Gross carrying amount						
Deemed cost						
As at April 01, 2018	2,498	204	11	180	2,893	-
Additions	-	-	-	7	7	17
As at March 31, 2019	2,498	204	11	187	2,900	17

Additions	-	-	-	67	67	-
As at March 31, 2020	2,498	204	11	254	2,967	17
Accumulated amortisation						
Charge for the year	-	94	5	106	205	-
Impairment charge	761	-	-	-	761	761
As at March 31, 2019	761	94	5	106	966	761
Charge for the year	-	106	5	80	191	-
Impairment charge	1,126	-	-	-	1,126	1,126
As at March 31, 2020	1,887	200	10	186	2,283	1,887
Net book value						
As at April 01, 2018	2,498	204	11	180	2,893	2,498
As at March 31, 2019	1,737	110	6	81	1,934	1,737
As at March 31, 2020	611	4	1	68	684	611

*The Company has restated its business combination from April 1, 2017 resulting into restatements of Goodwill, customer relationships and non-compete (refer note 43). For all other intangible assets, the Company has elected to continue with the carrying value for all of its Intangible assets recognised as of April 01, 2018 (date of transition to Ind AS) measured as per the previous GAAP and use that carrying value as its deemed cost as at the date of transition.

Note 1:

The Goodwill of INR 1,887 lakhs relates to Business acquisition from OSS Cube Solutions Limited and INR 611 lakhs relates to the business acquisition from Cupola Technology Private Limited. The Company have allocated the goodwill to these two identified cash generating units (CGU). The Company tests whether goodwill has suffered any impairment on an annual basis. From the current and previous financial year, the recoverable amount of the CGU was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five year period.

The following table sets out the key assumption for these Cash Generating Unit's (CGU's) that have significant allocated to them:

	OSSCube		Cupola	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	16.78%	16.78%	16.64%	17.65%
Long term growth rate	2.00%	2.00%	4.00%	4.00%
Sales growth	5.00%	20.00%	10.00%	15.00%

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.

The company have recognised the goodwill impairment of INR 1,126 lakhs (FY 2018-19: INR 761 lakhs) relating to OSS Cube business during the year 2019-20. If the discount rate would have been higher by 1%, the Company would have had to recognise an additional impairment against the carrying amount of Goodwill of INR nil (FY 2018-19: INR 103 Lakhs).

There is no impairment noted in the Cupola cash generating unit (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 Cupola CGU lower than the carrying amount of CGU.

5. Right-of-use assets

	Computer systems	Buildings	Motor vehicles	Total
As at April 01, 2018	329	4,908	161	5,398
Additions	255	-	-	255
Deletions	-	-	(13)	(13)
Depreciation	(284)	(1,324)	(68)	(1,676)
As at March 31, 2019	300	3,584	80	3,964
Additions	663	43	-	706
Deletions	-	-	-	-
Depreciation	(291)	(1,324)	(50)	(1,665)
As at March 31, 2020	672	2,303	30	3,005

Non-cash investing and financing activities disclosed in other notes are:

- (i) Acquisition of right-of-use assets - Amounts recognized in the balance sheet - Right-of-use assets - refer note 5
- (ii) Acquisition of right-of-use assets - Amounts recognized in the balance sheet - Lease liabilities - refer note 19

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Notes to the Standalone Financial Statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

6. Investment

Unquoted, carried at cost less impairment

	March 31, 2020	March 31, 2019	April 01, 2018
Investment in Limited liability company			
Happiest Mind Technologies LLC	2,222	2,222	2,222
Less: Impairment in value of investment*	(2,222)	(2,222)	-
	-	-	2,222
Aggregate amount of quoted investment and market value thereof	-	-	-
Aggregate amount of unquoted investment	2,222	2,222	2,222
Aggregate amount of impairment in the value of investments	(2,222)	(2,222)	-

* Based on the internal assessment carried out, impairment is recorded against the membership interest in Happiest Mind Technologies LLC.

Note : Investment in subsidiary includes principal place of business and proportion of ownership interest:

Name of entity	Nature	Country of incorporation	Country of incorporation		
			March 31, 2020	March 31, 2019	April 01, 2018
Happiest Mind Technologies LLC	Subsidiary	USA	100	100	100

7. Loans

Carried at amortized cost	March 31, 2020	March 31, 2019	April 01, 2018
Non-current			
Loans considered Good - Unsecured			
Security deposit	767	618	575
Loans - credit impaired			
Security deposit	-	2	-
	767	620	575
Less: Allowance for credit impaired loans	-	(2)	-
	767	618	575
Current			
Loans considered Good - Unsecured			
Loan to employees	64	41	46
Loan to related party	-	110	-
Security deposit	36	36	239
Loans - credit impaired			
Loan to related party	53	-	-
Security deposit	1	-	38
	154	187	323
Less: Allowance for credit impaired loans	(54)	-	(38)
	100	187	285

8. Other financial assets			
(a) Other financial assets carried at amortised cost	March 31, 2020	March 31, 2019	April 01, 2018
(unsecured, considered good, unless otherwise stated)			
Non-current			
Fixed deposit with maturity of more than 12 months	183	17	33
Margin money deposits - refer note (i) below	185	216	152
	368	233	185
(i) Margin money deposit is used to secure:			
Term loan - RBL bank	135	135	135
Guarantees given	50	81	17
Current			
Fixed deposit with maturity of more than 12 months	10,185	1,351	37
Margin money deposits - refer note (i) below	4,422	3,622	27
Acquisition related receivables	-	-	165
Interest accrued on fixed deposit	71	55	4
Unbilled revenue	4,471	1,730	932
Other receivables	6	23	15
	19,155	6,781	1,180
Unbilled revenue - credit impaired	91	35	17
Less: Allowance for credit impaired loans	(91)	(35)	(17)
	19,155	6,781	1,180
(i) Margin money deposit is used to secure:			
Working capital facility and bank overdrafts	3,600	3,600	-
MTM shortfall	40	-	-
Guarantees given	782	22	27
(b) Derivative instruments carried at fair value through OCI	March 31, 2020	March 31, 2019	April 01, 2018
Cash flow hedges			
Foreign currency forward contracts	5	224	67
Interest rate Swaps	14	15	-
	19	239	67
Total current financial assets	19,174	7,020	1,247
9. Income tax assets (net)			
	March 31, 2020	March 31, 2019	April 01, 2018
Non - current			
Income tax assets (net)	1,335	920	584
	1,335	920	584
10. Other assets			
Unsecured, considered good, unless otherwise stated			
	March 31, 2020	March 31, 2019	April 01, 2018
Non - current			
Prepaid expenses	33	13	5
Balances with statutory / government authorities	-	35	35
	33	48	40
Current			
Prepaid expenses	573	497	445
Balances with statutory / government authorities	254	207	500
Advance to Employees against expenses	43	106	67
Advance to suppliers	193	44	349
	1,063	854	1,361

11. Deferred tax assets (net)

The Group has a net deferred tax assets with respect to certain timing differences. These have not been recognized as the recognition criteria have not been met in accordance with the accounting policy followed by the Group. The Group has not recognized the net deferred tax asset on the accumulated losses as there is no reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

		March 31, 2020	March 31, 2019	April 01, 2018
Deferred tax assets (net)		-	-	-
		-	-	-
	Amortisation of intangibles	Fair valuation of financial instrument	Fair valuation of financial instruments and others	Total
Reconciliation of deferred tax liabilities (net):				
April 01, 2018	(246)	(36)	282	-
Tax (income)/expense during the period recognized in the statement of profit and loss	129	(276)	147	-
March 31, 2019	(117)	(312)	429	-
Tax (income)/expense during the period recognized in the statement of profit and loss	94	266	(360)	-
March 31, 2020	(23)	(46)	69	-
Amounts on which Deferred tax asset has not been recorded as at year end:		March 31, 2020	March 31, 2019	April 01, 2018
Depreciation on Property, Plant and Equipment.		106	-	-
Impairment of goodwill		568	-	-
Provision for compensated absence and gratuity		1,786	364	777
Provision for bonus		-25	505	75
Impairment loss allowance on trade receivables		2,516	1,967	1,153
Impairment loss allowance on unbilled revenue		91	35	17
Impairment loss allowance on loans		54	2	38
Lease liabilities and right-of-use assets		538	529	282
Fair valuation of security deposit		133	-	-
Fair valuation of derivative instrument		730	-	-
Carry forward business loss and unabsorbed depreciation*		4,090	13,070	15,880
		10,587	16,472	18,222
*Tax loss and unabsorbed depreciation carry-forward for which no deferred tax assets were recorded with expiry date		March 31, 2020	March 31, 2019	April 01, 2018
Expiry within 1 to 5 years		3,754	11,867	14,444
Expiry within 6 to 8 years		336	336	336
Unlimited		-	867	1,100
		4,090	13,070	15,880
Amounts on of Deferred tax asset has not been recorded as at year end:		March 31, 2020	March 31, 2019	April 01, 2018
Tax rate		25.17%	30.90%	30.90%
Deferred tax asset has not been recorded as at year end		2,665	5,090	5,631

12. Investments

Carried at fair value through statement of profit and loss

	March 31, 2020	March 31, 2019	April 01, 2018	March 31, 2020	March 31, 2019	April 01, 2018
Current						
Birla SunLife - Short term fund - Growth	-	8	20	-	589	1,351
Birla SunLife - Floating rate fund short term plan - Growth	-	4	4	-	1,087	1,002
DHFL Pramerica - Short maturity fund - Growth	-	-	21	-	-	661
Franklin Templeton - TMA Super IP - Growth	*	*	*	269	252	1,180

HDFC - Banking & PSU Debt fund - Growth	-	95	95	-	1,450	1,350
HDFC - Corporate debt opportunities fund - Growth	-	50	70	-	762	1,014
ICICI Prudential - Flexi income plan - Growth	-	-	3	-	-	1,001
ICICI Prudential - short term - Growth #	9	9	9	372	341	320
ICICI Prudential - short term fund - Growth	20	-	-	913	-	-
ICICI Prudential - Regular Savings Fund - Growth	-	16	16	-	321	300
ICICI Prudential - Savings Fund - Growth	11	-	-	4,227	-	-
Kotak - Low Duration fund - Growth	-	*	*	-	1,086	1,000
Kotak - Medium term fund - Growth	-	41	41	-	664	622
Kotak - Banking & PSU Debt fund - Growth	19	-	-	915	-	-
L&T - Income opportunities fund - Growth ##	-	102	102	-	2,160	2,038
L&T - Banking & PSU Debt fund - Growth	91	-	-	1,641	-	-
L&T - Short term income fund - Growth	-	54	54	-	1,103	1,023
				8,337	9,815	13,862

Note:

9 units of mutual funds of ICICI prudential mutual fund (March 31, 2019 - 9 lakhs units, April 01, 2018 - 9 lakhs units) is pledged with RBL Bank as security towards credit facilities availed by the Group.

Nil units of mutual fund units of L&T - Income opportunities fund - Growth (March 31, 2019 - 16 lakhs units, April 01, 2018 - 16 lakhs units) pledged with Kotak Mahindra Bank as security towards credit facilities availed by the Group.

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

Aggregate book value of quoted investments				8,337	9,815	13,862
Aggregate market value of quoted investments				8,337	9,815	13,862
Aggregate value of unquoted investments				-	-	-
Aggregate amount of impairment in value of investments				-	-	-

13. Trade receivables

Carried at amortized cost	March 31, 2020	March 31, 2019	April 01, 2018
Current			
Trade receivables - others	11,487	12,745	8,712
Trade receivables - related party (Refer note 38)	-	7	142
Total trade receivables	11,487	12,752	8,854
Break-up for security details			
Secured, considered good	-	-	-
Unsecured, considered good	12,759	14,097	10,008
Trade receivables which have significant increase in credit risk	-	-	-
Trade receivables - credit impaired	1,244	622	-
	14,003	14,719	10,008
Impairment allowance			
Secured, considered good	-	-	-
Unsecured, considered good	(1,272)	(1,345)	(1,153)
Trade receivables which have significant increase in credit risk	-	-	-
Trade receivables - credit impaired	(1,244)	(622)	-
Trade receivables net of impairment	11,487	12,752	8,855

- (i) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- (ii) Trade receivables are non-interest bearing and are generally on terms of 10 to 100 days.

14. Cash and cash equivalents			
	March 31, 2020	March 31, 2019	April 01, 2018
Balances with banks:			
- in current accounts	1,428	2,430	1,161
- in EEFC accounts	1,922	175	361
Deposits with original maturity of less than three months	1,000	-	-
	4,350	2,605	1,522
15. Share Capital			
Equity share capital			
i) Authorized share capital	Numbers	Amount	
Equity share capital of INR 2 each			
As at April 01, 2018	50,000,000	1000	
Increase during the year	-	-	
As at March 31, 2019	50,000,000	1000	
Increase during the year	-	-	
As at March 31, 2020	50,000,000	1000	
On April 29, 2020, the Board of Directors of the Company increased the authorized share capital of the Company to Rs. 458.6 million divided into 229,300,000 equity shares of INR.2 each.			
ii) Issued, subscribed, and fully paid up Equity share capital	Numbers	Amount	
Equity share capital of INR 2 each, fully paid up			
As at April 01, 2018	18,755,367	375	
Issued during the year	-	-	
Issue of shares by trust - refer note (i) below	751,831	15	
Change on account of modification of ESOP - refer note (ii) below	10,326,054	207	
As at March 31, 2019	29,833,252	597	
Issued during the year - refer note (iii) below	12,225,000	245	
Issue of shares by trust - refer note (iv) below	1,840,925	37	
As at March 31, 2020	43,899,177	879	
(i) During the year ended March 31, 2019 Employee Benefit Trust (EBT) has issued 751,831 equity shares to the employee on exercise of Option Plan (ESOP).			
(ii) As per Employee share option plan (ESOP) in case of resignation of the employee, the employee is mandatorily required to surrender exercised pursuant to ESOP to the Company. The Company in its Board meeting held in January 2019, passed a resolution modifying the ESOP with effect from March 31, 2019. Pursuant to modification in ESOP the employees who have completed vesting condition are allowed to acquire shares pursuant to ESOP.			
(iii) During the year ended March 31, 2020, a Series A 14% Non-Cumulative compulsorily convertible preference (CCPS) shares holder has converted CCPS into equity at a ratio of 1:163.			
(iv) During the year ended March 31, 2020 Employee Benefit Trust (EBT) has issued 1,840,925 equity shares to the employee on exercise of stock option plan.			
(iii) Terms/ rights attached to equity shares			
The Company has a single class of equity share of par value INR 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. The preferential amount is the actual amount invested by shareholders who hold Series A 14% Non-Cumulative compulsorily convertible preference shares.			

(iv) Details of shareholders holding more than 5% shares in the Company: -						
	March 31, 2020		March 31, 2019		April 1, 2018	
	No of Shares	Holding percentage	No of Shares	Holding percentage	No of Shares	Holding percentage
Equity shares of INR 2 each fully paid						
Mr. Ashok Soota (Promoter)	27768017	63.25%	15192854	50.93%	12380339	66.01%
Mr. Vikram Gulati	-	-	-	-	2812515	15.00%
As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownership of shares.						
(v) The Company has not issued any bonus shares or shares for consideration other than cash during the period of five years immediately preceding the reporting date.						
16. Instrument entirely in the nature of equity						
i) Authorized share capital						
			Numbers		Amount	
Series A 14% Non-Cumulative Compulsorily Convertible Preference Shares (CCPS) of INR 652 each						
As at April 01, 2018			750,000		4,890	
Increase during the year			-		-	
As at March 31, 2019			750,000		4,890	
Increase during the year			-		-	
As at March 31, 2020			750,000		4,890	
On April 29, 2020, the Board of Directors of the Company reduced the authorized share capital of the Company to Rs. 130.4 million divided into 200,000 preference shares of INR.652 each.						
ii) Issued, subscribed, and fully paid up Non-cumulative compulsorily convertible preference share capital						
			Numbers		Amount	
Series A 14% Non-Cumulative Compulsorily Convertible Preference Shares (CCPS) of INR 652 each						
As at April 01, 2018			341,885		2,229	
Increase during the year - refer note (a) below			188		1	
As at March 31, 2019			342,073		2,230	
Increase on account of modification of CCPS - refer note 15 (iii) (b) & 15 (iii) (c)			290,272		1,893	
Conversion into equity shares during the year - refer note 14 (ii) (iii)			(75,000)		(489)	
As at March 31, 2020			557,345		3,634	
(a) The Company had allotted 188 14% Non-Cumulative Compulsorily Convertible Preference Share Capital (CCPS) of face value INR 652/- each, at a premium of INR 10,758/- during the previous year for cash pursuant to board resolution dated April 25, 2018.						
iii) Terms/ rights attached to convertible preference shares						
(a) Each holder of Series A 14% Non-Cumulative Compulsorily Convertible Preference Shares (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. Holders of preferential shares shall receive preferential dividend in preference to dividend payable on equity shares and shall not participate in any further dividends declared on Equity Shares. Preference shareholders are also entitled to vote in the shareholders meeting.						
Holders of Series A 14% Non-Cumulative Compulsorily Convertible Preference Shares (CCPS) are entitled to participate in the surplus proceeds (which is subject to a limit of two times the amount invested) from the Liquidation Event, if any, on a pro-rata basis along with all other holders of Equity Shares on a fully diluted basis.						
The holders of the preference share at their option can require the Company to convert all or a part of Series A preference shares held by them into equity shares at any time during the conversion period in according to the conversion ratio defined in the agreement (i.e. 1:163)						
All the preference shares shall be converted into equity shares in the ratio of 1:163 on occurrence of the following event:						

- 1- On Expiry of the conversion period.
- 2- Later of (a) Date of filing Red herring prospectus with SEBI (b) Such other date as may be permitted by law in connection with Qualified IPO.
- 3- Upon the holders of a majority of the investor's shares exercising the conversion right with respect to preference shares held by them

The investors (other than promoters) have an exit option including the buyback by the Company, if the Company's securities are not listed on any stock exchange pursuant to successful Qualified IPO undertaken by the Company. Considering the investors have cash settlement alternatives which is not under the control of the Company, hence the CCPS held by the investors have been classified as liability (Refer Note 22). The CCPS held by other than investors are classified as equity.

- (b) On July 1, 2019, Intel Capital Corporation ('Intel') has entered into a share purchase agreement with Mr. Ashok Soota, pursuant to which Intel has sold 123,099 compulsorily convertible preference shares (CCPS) to Mr. Ashok Soota, Upon such transfer, the existing Cumulative compulsorily convertible preference shares (CCPS) classified as liability is now treated as instruments entirely in the nature of equity
- (c) On March 25, 2020, CMDDB II has waived its right for exit option including the buyback for 167,173 Compulsorily Convertible Preference Shares (CCPS). Upon waiver of rights, the existing CCPS classified as liability is treated as instrument entirely in nature of equity. These CCPS on date of modification is accounted at fair value. There is no gain/loss on derecognition of liability.

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

	March 31, 2020		March 31, 2019		April 1, 2018	
	No of Shares	Holding percentage	No of Shares	Holding percentage	No of Shares	Holding percentage
Series A 14% Non-Cumulative Compulsorily Convertible Preference Shares						
Mr. Ashok Soota (Promoter)	359,601	64.52%	325,761	95.23%	325,761	95.28%
CMDDB II	167,173	29.99%	-	-	-	-

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

* Excludes CCPS held investors classified as liabilities

c) Treasury shares

	No of shares
As at April 1, 2018	8,083,394
As at March 31, 2019	7,331,563
As at March 31, 2020	5,490,638

(i) For terms/ rights attached to treasury shares refer note 14 (iii) above

17. Other equity

	March 31, 2020	March 31, 2019	April 01, 2018
Securities premium account	27,781	18,602	16,518
Retained earnings	(5,457)	(28,665)	(29,031)
Cash flow hedge reserve	(730)	237	(15)
Share options outstanding reserve	454	240	-
	22,048	(9,586)	(12,528)

	March 31, 2020	March 31, 2019
a) Securities premium account		
Opening balance	18,602	16,518
Increase during the year	245	20
Change on account of modification of preference shares	24,481	-
Issue of shares by trust	405	-
Transfer from ESOP liability on account of modification of ESOP	-	2,064
Reduction of capital - refer note (i) below	(15,952)	-
Closing balance	27,781	18,602
b) Retained earnings		
Opening balance	(28,665)	(29,031)
Profit/ (loss) for the year	7,343	411
Other comprehensive income recognized directly in retained earnings	(139)	(45)
Reduction of capital - refer note (i) below	15,952	-
Transferred from share option outstanding reserve for vested options forfeited	52	-
Closing balance	(5,457)	(28,665)
c) Cash flow hedge reserve		
Opening balance	237	(15)
Net movement on effective portion of cash flow hedges -refer note 35	(967)	252
Closing balance	(730)	237
d) Share options outstanding reserve		
Opening balance	240	-
Transfer from ESOP liability on account of modification of ESOP - refer note 14 (ii)	-	240
Fair value impact on account of modification in ESOP	-	-
Employee compensation expense for the year	266	-
Transferred to retained earnings for vested options forfeited	(52)	-
Closing balance	454	240

Note

(i) Capital reduction

The Parent Company had filed for capital reduction through National Company Law Tribunal ("NCLT") and received an order on November 5, 2019 for writing off the accumulated losses of the Parent Company being the debit balance of profit and loss account as appearing in the Standalone Financial Statement of the Parent Company as at March 31, 2018 prepared under previous GAAP (Indian GAAP) with securities premium. The accumulated losses of the Parent Company as at March 31, 2018 is INR 17,233 lakhs and during the year ended March 31, 2019 the Parent Company has earned a profit of INR 1,281 lakhs under Indian GAAP and the accumulated balance in profit and loss account as at March 31, 2019 was INR 15,952 lakhs. This balance has been written off in the current year.

- a) Securities premium account:** Securities premium account has been created consequent to issue of shares at premium. The reserve can be utilized in accordance with the provisions of the Companies Act 2013.
- b) Retained earnings:** Retained earnings comprises of prior and current year's undistributed earnings/accumulated losses after tax.
- c) Cash flow hedge reserve:** The Group uses foreign currency forward contracts to hedge the highly probable forecasted transaction and interest rate swaps to hedge the interest rate risk associated with foreign currency term loan. The effective portion of fair value gain/loss of the hedge instrument is recognized in the cash flow hedge reserve. Amounts recognized 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 options-based payment reserve is used to recognize the grant date fair value of options issued to employees under Employee stock option plan.

18. Borrowings			
Carried at amortized cost			
	March 31, 2020	March 31, 2019	April 01, 2018
Non-current			
Secured			
Foreign currency term loan from bank - refer note (i) below	927	1,579	2,168
	927	1,579	2,168
			-
Less: Current maturity of term loans	(795)	(729)	(685)
Total non-current borrowings	132	850	1,483
Current			
Secured			
Loans repayable on demand from banks			
Foreign currency loan (PCFC) - refer note (ii) below	6,916	5,012	6,854
Bank overdraft - refer note (iii) below	-	1,000	1
Total current borrowings	6,916	6,012	6,855

Notes

- (i) Foreign currency term loan carries a floating interest rate of 6m Libor + 3.1%. The loan is repayable in 45 equal monthly instalments from the date of its origination, viz., May 26, 2017, with a moratorium of 3 months. The loan is secured by charge on movable assets and also by lien on fixed deposit equivalent to two months instalments. Further, floating interest on loan has been hedged through USD interest rate swap resulting in a fixed interest rate of 6.5% p.a.
- (ii) (ii) PCFC loan taken from Kotak Mahindra carries an interest rate ranging 4.20 % to 5.74 % p.a. (March 31, 2019 - 4.7% to 5.81% p.a) and is repayable on demand.
PCFC loan taken from RBL carries an interest rate ranging 3.98% to 5.68% p.a. (March 31, 2019 - 4.58% to 5.68% p.a.) and is repayable on demand.
- (iii) Bank overdraft is taken from Kotak Mahindra bank at 9.3% p.a and RBL at 8.85% p.a and is repayable on demand.
- (iv) Short-term borrowings are fully secured by the way of mutual funds to the extent of INR 300 lakhs (March 31, 2019 - INR 603 lakhs) (refer note 11) and remaining by the way of current assets of the parent company (refer note 8).

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

	Series A 14% Non-Cumulative compulsorily convertible preference shares	Non-current borrowings	Current borrowings*
As at March 31, 2018	25,852	2,168	6,855
Financing cash flows (net)	-	(747)	(1,379)
Noncash movements:			
Fair value changes and others	469	10	-
Foreign exchange difference	-	148	536
As at March 31, 2019	26,321	1,579	6,012
Financing cash flows (net)	-	(756)	430
Noncash movements:			
Fair value changes and others	52	10	-
Foreign exchange difference	-	94	474
Reclassified to equity on account of modification - refer note 15 (iii) (b) & 15 (iii) (c)	(26,373)	-	-
As at March 31, 2020	-	927	6,916

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

19. Lease liabilities			
Carried at amortized cost			
	March 31, 2020	March 31, 2019	April 1, 2018
Non-current			
Lease liabilities	3,543	4,493	5,680
	3,543	4,493	5,680
Less: Current maturity of lease liabilities	(1,812)	(1,534)	(1,415)
Total non-current Lease liabilities	1,731	2,959	4,265
Current			
Lease liabilities	1,812	1,534	1,415
	1,812	1,534	1,415
The effect of adoption of Ind AS 116 is as follows;			
A. Impact on balance sheet (increase/(decrease))	March 31, 2020	March 31, 2019	
Assets			
Right to use assets - Also refer note 5	3,005	3,964	
Equity			
Retained earnings - Also refer note 45	-	(415)	
Liability			
Lease liabilities - refer note (i) below	3,543	4,494	
B. Impact on Statement of profit and loss (increase/(decrease))			
Depreciation and amortisation	1,665	1,676	
Finance cost	412	544	
Other income - Finance income	(68)	(62)	
	2,009	2,158	
C. Impact on Statement of cash flow(increase/(decrease))			
Operating lease payments	2,071	1,987	
Net cashflow from operating activities	2,071	1,987	
Payment of principal portion of lease liabilities	(1,659)	(1,443)	
Payment of interest portion of lease liabilities	(412)	(544)	
	(2,071)	(1,987)	
(i) Movement in lease liabilities for year ended March 31, 2019 and March 31, 2020:			
	March 31, 2020	March 31, 2019	
Balance at beginning of the year	4,494	5,680	
Additions	706	255	
Finance cost incurred during the period - refer note 28	412	544	
Payment of lease liabilities	(2,072)	(1,986)	
Exchange difference	3	1	
Balance at the end of the year	3,543	4,494	
(iii) The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2019 and March 31, 2020			
	March 31, 2020	March 31, 2019	
Less than one year	2,092	1,939	
One to five years	1,898	3,300	
More than five years	-	-	
(iv) The Group had total cash outflows for leases of INR 2,424 Lakhs in March 31, 2020 (INR 2,366 Lakhs in March 31, 2019). The Group has not made any non-cash additions to right-of-use assets and lease liabilities.			

20. Provisions			
	March 31, 2020	March 31, 2019	April 1, 2018
Non-current			
Provision for gratuity - refer note 33	1,255	940	812
	1,255	940	812
Current			
Provision for gratuity - refer note 33	240	220	120
Provision for compensated absence	941	771	689
Other provisions			
Provision for warranty	65	7	7
	1,246	998	816
Movement during the year - Provision for warranty			
	Amount		
Balance as at April 01, 2018	7		
Arising during the year	-		
Utilised during the year	-		
Balance as at March 31, 2019	7		
Arising during the year	60		
Utilised during the year	(2)		
Balance as at March 31, 2020	65		

21. Contract liabilities			
	March 31, 2020	March 31, 2019	April 1, 2018
Current			
Unearned revenue - refer note (i) below	781	1,067	514
	781	1,067	514
(i) The Group have rendered the service and have recognized the revenue of INR 1,067 lakhs (March 31, 2019: INR 547 lakhs) during the year from the unearned revenue balance at the beginning of the year. It expects similarly to recognize revenue in year 2020-21 from the closing balance of unearned revenue as at March 31, 2020.			
22. Trade payables			
Carried at amortized cost			
	March 31, 2020	March 31, 2019	April 1, 2018
Total outstanding dues of micro enterprises and small enterprises - refer note (iii) below	12	40	38
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,451	2,867	2,347
	3,463	2,907	2,385
Terms and conditions of above trade payables:			
(i) Trade payables are non-interest bearing and are normally settled on 15 to 30 days terms.			
(ii) For explanation of Group's credit risk management - refer note 35			
(iii) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 - refer below note			
Particular	March 31, 2020	March 31, 2019	April 1, 2018
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	12	39	37
Interest due on the above	-	1	1

(i) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
(ii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-	-
(iii) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	1	1
(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	-	-	-

The above disclosures are provided by the Group based on the information available with the Group in respect of the registration status of its vendors/ suppliers

23. Other financial liabilities

	March 31, 2020	March 31, 2019	April 1, 2018
Current			
Carried at amortized cost			
Current maturity of term loan - refer note 17	795	729	685
Employee related liabilities	4,853	2,895	1,299
	5,648	3,624	1,984
Carried at fair value through Other Comprehensive Income			
Cash flow hedges			
Foreign currency forward contracts	749	2	50
Interest rate Swaps	-	-	32
Total financial liabilities at fair value through Other Comprehensive Income	749	2	82
Carries at fair value through profit or loss			
Employee Stock Option Liability- refer note 42	-	-	2,100
'Series A 14% Non-Cumulative compulsorily convertible preference shares - refer note (i) below	-	26,322	25,852
Total financial liabilities at fair value through profit or loss	-	26,322	27,952
Total other financial liabilities	6,397	29,948	30,008

Note

(i) As at April 1, 2018 and March 31, 2019, the Parent Company have issued 290,272 Series A 14% Non-Cumulative Preference Shares (CCPS) which are held by the investors (i.e. other than the promoters). If declared by the Board, each holder of the CCPS, shall be entitled to receive a preferential non-cumulative dividend at the rate of 14% per annum. Refer note 15 (iii) (b) for detail terms and conditions of CCPS. As per the agreement, the Parent Company is required to conduct the successful Qualified IPO within 7 years from the first closing date, the failure of which will provide the investor the right to require the Parent Company to buy back the shares held by them at fair value. A successful Qualified IPO is not in the control of the Parent Company, hence it does not have a unconditional right to defer the settlement of preference shares beyond 7 year. The instrument is a hybrid instrument and have a embedded derivative in the form of settlement option and host non-derivative liability. The Parent Company has designated the entire instrument as fair value through profit and loss.

(ii) Pursuant to Shares Purchase Agreement dated July 1st, 2019, Mr. Ashok Soota purchased 123,099 14% Non-Cumulative compulsorily convertible preference shares (CCPS) from Intel Capital Corporation, a Delaware company. As a result of this,

financial liability pertaining to CCPS of INR 11,162 lakhs have been classified as Preference share capital amounting to INR 802 lakhs and Security premium of INR 10,360 lakhs

(iii) Pursuant waiver cum amendment agreement dated March 25, 2020 to the shareholders agreement dated October 20, 2011, CMDDB II has waived off the Buyback right associated with 14% Non-Cumulative compulsorily convertible preference shares (CCPS) of 167,133 held by them. As a result of this, financial liability pertaining to CCPS of INR 15,211 lakhs, have been classified as preference share capital amounting to INR 1,090 lakhs and Security premium of INR 14,121 lakhs, after adjusting for FY20 fair market value of INR 52 lakhs.

24. Other Financial Liabilities

	March 31, 2020	March 31, 2019	April 1, 2018
Current			
Statutory dues payable	500	681	645
Other payables	17	42	22
	517	723	667

25. Revenue from contracts with customers

	For the year ended	
	March 31, 2020	March 31, 2019
Sale of service	69,760	58,883
Sale of licenses	61	153
	69,821	59,036

25.1 Disaggregated revenue information

	March 31, 2020			
Segment	Infrastructure Management & Security Services	Digital Business Solutions	Product Engineering Services	Total
Revenue from Infrastructure Management & Security Services	15,361	-	-	15,361
Revenue from Digital Business Solutions	-	19,167	-	19,167
Revenue from Product Engineering Services	-	-	35,293	35,293
Total revenue from contracts with customers	15,361	19,167	35,293	69,821

	March 31, 2019			
Segment	Infrastructure Management & Security Services	Digital Business Solutions	Product Engineering Services	Total
Revenue from Infrastructure Management & Security Services	12,943	-	-	12,943
Revenue from Digital Business Solutions	-	18,090	-	18,090
Revenue from Product Engineering Services	-	-	28,003	28,003
Total revenue from contracts with customers	12,943	18,090	28,003	59,036

	March 31, 2019			
	Infrastructure Management & Security Services	Digital Business Solutions	Product Engineering Services	Total
External Customer	12,943	18,103	28,027	59,073
Less: Cash Discount	-	(13)	(24)	(37)
Total revenue from contracts with customers	12,943	18,090	28,003	59,036

25.2 Contract balances			
	March 31, 2020	March 31, 2019	April 1, 2018
Trade receivables	11,487	12,752	8,855
Contract assets	4,471	1,730	932
Contract liability	781	1,067	514

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

	March 31, 2020	March 31, 2019
Revenue as per contract price	69,910	59,073
Discount	(89)	(37)
Revenue from contract with customers	69,821	59,036

The Company has applied practical expedient as given in Ind AS 115 for not disclosing the remaining performance obligation for contracts that have original expected duration of one year or lesser. The Company have fixed price contracts for a period of more than one year, the remaining performance obligation for these contracts is INR. 1,0295 lakhs (March 31, 2019: INR.3,958 lakhs). The revenue for remaining performance obligation is expected to be recognized over period of 1-4 years (March 31, 2019: 1-2 years, March 31, 2018).

26. Other Income

	March 31, 2020	March 31, 2019
Interest income on:		
Deposits with bank	369	225
Income tax refund	26	-
Financial instrument measured at amortized cost	68	62
Others	-	7
	463	294
Fair value gain on investment measured at FVTPL	121	659
Gain on sale of investments measured at FVTPL	455	113
Exchange gain	517	-
Miscellaneous income	42	59
	1,135	831
	1,598	1,125

27. Employee benefits expense

	March 31, 2020	March 31, 2019
Salaries, wages, and bonus	41,089	35,108
Contribution to provident fund	1,905	1,690
Employee stock compensation expense	266	603
Gratuity expense - refer note 33	317	303
Compensated absences	382	283
Staff welfare expenses	164	155
	44,123	38,142

28. Depreciation and amortization expense

	March 31, 2020	March 31, 2019
Depreciation of property, plant, and equipment	167	143
Amortization of intangible assets	191	205
Depreciation of right-of-use assets	1,665	1,676
Gratuity expense - refer note 33	2,023	2,024

29. Finance costs		
	March 31, 2020	March 31, 2019
Interest expense on:		
Borrowings	335	575
Lease liabilities	412	544
Fair value loss on Compulsorily Convertible Preference Shares (CCPS)	52	470
	799	1,589
30. Other Expenses		
	March 31, 2020	March 31, 2019
Power and fuel	449	391
Subcontractor charges	7,271	6,497
Repairs and maintenance		
- Buildings	193	170
- Equipments	25	41
- Others	404	226
Rent expenses - refer note (ii) below	246	222
Advertising and business promotion expenses	263	269
Commission	186	240
Communication costs	287	260
Insurance	36	26
Legal and professional fees - refer note (i) below	1,143	470
Loss on property, plant and equipment sold / scrapped, net	-	5
Software license cost	1,227	1,267
Rates and taxes	31	29
Warranty expense	230	263
Recruitment charges	-	885
Exchange loss	60	-
Impairment loss allowance on trade receivables	-	165
Impairment loss written back on loans written back	21	5
Impairment loss allowance on unbilled revenue	548	814
Acquisition related receivables written off	53	-37
Corporate Social Responsibility ('CSR') expenditure - refer note 38	56	18
Travelling and conveyance	2,910	2,535
Miscellaneous expenses	176	251
	15,815	15,012

(i) Payment to auditors:		
	March 31, 2020	March 31, 2019
As auditor:		
Audit fee	30	20
Tax audit fee	3	1
In other capacity		
Certification fees	3	5
Reimbursement of expenses	2	2
	38	28
(ii) Rent expense recorded under other expenses are lease rental for short-term leases		

31. Exceptional Items		
	March 31, 2020	March 31, 2019
Impairment of investment in subsidiary - refer note 6	-	2,222
Impairment of goodwill - refer note 4	1,126	761
	1,126	2,983
32. Income tax expense/(income)		
	March 31, 2020	March 31, 2019
a) Statement of profit and loss		
Current tax	172	-
Adjustment of tax relating to earlier periods	18	-
Deferred tax credit	-	-
Income tax expense/(income)	190	-
b) Statement of other comprehensive income		
On remeasurement of defined benefit obligation	-	-
	-	-
Reconciliation of tax expense and tax based on accounting profit:	March 31, 2020	March 31, 2019
Profit/(loss) before income tax expense	7,533	411
Tax at the Indian tax rate of 25.17% (2019: 30.90%)	1,896	127
Tax effect of:		
Utilization of previous year losses for which no deferred tax was created	(2,260)	(868)
Deferred tax not recognized on current year temporary difference	292	392
Effect on change in rates	225	-
Others	37	349
Income tax expense/(income)	190	-
The Group elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has recognized Provision for Income Tax for the year and re-measured its Deferred tax basis the rate prescribed in the said section.		
33. Earnings per share ['EPS']		
The following reflects the income and share data used in the basic and diluted EPS computations:		
	March 31, 2020	March 31, 2019
Profit after tax attributable to equity holders of the Company (a) (INR in lakhs)	7,343	411
Weighted average number of shares outstanding during the year for basic EPS (b)	101,792,647	75,175,235
Weighted average number of shares outstanding during the year for diluted EPS (c)	133,688,639	122,969,980
Basic earnings per share (in INR) (a/b)	7.21	0.55
Diluted earnings per share (in INR) (a/c)	5.49	0.33
Equity share reconciliation for EPS	30,971,750	19,419,435
Equity share outstanding	70,820,897	55,755,800
CCPS convertible into CCPS	101,792,647	75,175,235
Total considered for basic EPS	31,895,992	47,794,745
Add: ESOP options / CCPS	133,688,639	122,969,980
Total considered for diluted EPS	30,971,750	19,419,435

34. Employee benefits plan

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

The Group makes contributions for qualifying employees to Provident Fund and other defined contribution plans. During the year, the Group recognized INR 1,905 lakhs (March 31, 2019: INR 1,707 lakhs) towards defined contribution plans.

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

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

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

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

	March 31, 2020	March 31, 2019	April 1, 2018
Current	240	220	120
Non-current	1,255	940	812
	1,495	1160	932

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

Changes in the defined benefit obligation and fair value of plan assets for the year ended March 31, 2019:

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 1, 2018	969	37	932
Amount recognized in statement of profit and loss			
Current Service cost	236	-	236
Net interest expense/(income)	70	3	67
Total amount recognized in statement of profit and loss	306	3	303
Benefits paid	(119)	(119)	-
Remeasurement			
Return on plan assets	-	(1)	1
Actuarial changes arising from changes in demographic assumptions	(50)	-	(50)
Actuarial changes arising from changes in financial assumptions	48	-	48
Experience adjustments	46	-	46
Total amount recognized in other comprehensive income	44	(1)	45
Contributions by employer	-	120	(120)
As at March 31, 2019	1,200	40	1,160

Changes in the defined benefit obligation and fair value of plan assets for the year ended March 31, 2020:					
	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)		
As at April 1, 2019	1,200	40	1,160		
Current Service cost	239	-	239		
Net interest expense/(income)	81	3	78		
Total amount recognized in statement of profit and loss	320	3	317		
Benefits paid	(119)	(119)	-		
Remeasurement					
Return on plan assets	-	(1)	1		
Actuarial changes arising from changes in demographic assumptions	127	-	127		
Actuarial changes arising from changes in financial assumptions	(118)	-	(118)		
Experience adjustments	129	-	129		
Total amount recognised in other comprehensive income	138	(1)	139		
Contributions by employer	-	120	(120)		
As at March 31, 2020	1,539	43	1,496		
The major categories of plan assets of the fair value of the total plan assets are as follows:					
	March 31, 2020	March 31, 2019	April 1, 2018		
Insurance fund	44	41	37		
Total	44	41	37		
The principal assumptions used in determining gratuity benefit obligations for the Group's plans are shown below:					
	March 31, 2020	March 31, 2019	April 1, 2018		
Discount rate	5.76%	6.76%	7.18%		
Expected return on plan assets	5.76%	6.76%	7.18%		
Future salary increases	3.00% p.a. for the next 2 years, 6.00% p.a. for the next 2 years, starting from the 3rd year 9.00 p.a. thereafter, starting from the 5th year	9.00%	8.00%		
Employee turnover	19.70%	28.00%	23.00%		
Mortality	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)		
A quantitative sensitivity analysis for significant assumptions are as shown below:					
	Sensitivity Level	March 31, 2020		March 31, 2019	
		'Defined benefit obligation on increase/decrease in assumptions			
		Increase	Decrease	Increase	Decrease
Discount rate	1% increase / decrease	(65)	71	(34)	37
Future salary increase	1% increase / decrease	70	(65)	18	(34)

Attrition rate	1% increase / decrease	(17)	18	(12)	12
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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 recognized 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, 2020 is INR 899 lakhs (March 31, 2019: INR 792 lakhs). The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (March 31, 2019: 4 years). The expected maturity analysis of undiscounted gratuity is as follows:

	March 31, 2020	March 31, 2019	April 1, 2018
Within the next 12 months	250	252	151
Between 2 and 5 years	774	747	568
Between 6 and 10 years	571	373	392
Beyond 10 years	481	142	229

35 Fair value measurement

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

	March 31, 2020	March 31, 2019	April 1, 2018
Measured at Fair Value Through Other Comprehensive Income (FVOCI)			
Foreign currency forward contracts	5	224	67
Interest rate Swaps	14	15	-
Total financial assets measured at FVOCI	19	239	67
Measured at Fair Value Through Statement of Profit and Loss (FVTPL)			
Investment in mutual funds	8,337	9,815	13,862
Total financial assets measured at FVTPL	8,337	9,815	13,862
Measured at amortized cost			
Security deposits	803	654	814
Investment in subsidiary	-	-	2,222
Loans to employees	64	41	46
Loans to related parties	-	110	-
Other financial assets - others	19,523	7,014	1,366
Trade receivables	11,487	12,752	8,855
Cash and cash equivalents	4,350	2,605	1,522
Total financial assets measured at amortized cost	36,227	23,176	14,825
Total financial assets	44,583	33,230	28,754

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

	March 31, 2020	March 31, 2019	April 1, 2018
Measured at fair value through statement of profit and loss (FVTPL)			
Series A 14% Non-Cumulative Compulsorily Convertible Preference Shares (CCPS)	-	26,322	25,852
Employee Stock Option Liability	-	-	2,100
Total financial liabilities measured at FVTPL	-	26,322	27,952

Measured at fair value through other comprehensive income (FVOCI)			
Foreign currency forward contracts	749	2	50
Interest rate Swaps	-	-	32
Total financial liabilities measured at FVOCI	749	2	82
Measured at amortized cost			
Foreign currency term loan	927	1,579	2,168
Lease liabilities	3,543	4,493	5,680
Bank overdraft and cash credit	6,916	6,012	6,855
Trade payables	3,463	2,907	2,385
Other financial liabilities	4,853	2,895	1,299
Total financial liabilities measured at amortized cost	19,702	17,886	18,387
Total financial liabilities	20,451	44,210	46,421

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, 2020				
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	5	-	5
Interest rate Swaps	-	14	-	14
Measured at fair value through statement of profit and loss (FVTPL)				
Investment in mutual funds	8,337	-	-	8,337
Total financial asset measured at fair value	8,337	19	-	8,356
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	749	-	749
Total financial liabilities measured at fair value	-	749	-	749
March 31, 2019				
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	224	-	224
Interest rate Swaps	-	15	-	15
Measured at fair value through statement of profit and loss (FVTPL)				
Investment in mutual funds	9,815	-	-	9,815
Total financial asset measured at fair value	9,815	239	-	10,054

Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	2	-	2
Measured at fair value through statement of profit and loss (FVTPL)				
Series A 14% Non-Cumulative Compulsorily Convertible Preference Shares (CCPS)	-	-	26,322	26,322
Total financial liabilities measured at fair value	-	2	26,322	26,324
April 1, 2018				
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	67	-	67
Measured at fair value through statement of profit and loss (FVTPL)				
Investment in mutual funds	13,862	-	-	13,862
Total financial asset measured at fair value	13,862	67	-	13,929
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	50	-	50
Interest rate Swaps	-	32	-	32
Measured at fair value through statement of profit and loss (FVTPL)				
Series A 14% Non-Cumulative Compulsorily Convertible Preference Shares (CCPS)	-	-	25,852	25,852
Employee Stock Option Liability	-	-	2,100	2,100
Total financial liabilities measured at Fair value	-	82	27,952	28,034

Notes:

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

- In respect of investments in mutual funds, the fair value represents net assets value (NAV) as stated by the fund house in their published statements.
- The Group has entered into foreign currency forward contract to hedge the highly probable forecast transaction and interest rate swap to hedge the foreign currency term loan. The derivative financial instrument is entered with the financial institutions with investment grade ratings. Interest rate swaps and foreign exchange forward contracts are valued based on valuation models which include use of market observable inputs, the mark to market valuation is provided by the financial institution as at reporting date. The valuation of derivative contracts is categorized as level 2 in fair value hierarchy disclosure.
- The management assessed that cash and cash equivalent, trade receivables, trade payables, other financial assets-others (current), other financial liability (current), bank overdraft and cash credit, lease liabilities (current) and loans to employees approximates their fair value largely due to short-term maturities of these instruments. Further the management also estimates that the carrying amount of foreign currency term loan at floating interest rates are the reasonable approximation of their fair value and the difference between carrying amount and their fair value is not significant.
- The Series A 14% Non-Cumulative compulsorily convertible preference shares held by Investors is classified as liability and carried at fair value through profit and loss. The Group has valued the instrument by using the discounted cash flow approach.

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

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

Valuation Inputs and relationship to fair value

	Significant unobservable inputs	Weighted range	Sensitivity
March 31, 2019			
Series A 14% Non-Cumulative Compulsorily Convertible Preference Shares (CCPS)*	Revenue	USD 105.7 Mn - USD 206.46 Mn	Increased revenue by 1% and decreased revenue by 1% would increase CCPS value by INR 503 lakhs and decrease CCPS value by INR 504 lakhs
	EBIDTA	12%-15%	Increased EBIDTA by 1% and decreased EBIDTA by 1% would increase CCPS value by INR 5,297 lakhs and decrease CCPS value by INR 5,329 lakhs
	Discount rate	23.40%	Increased discount rate by 1% and decreased discount rate by 1% would decrease CCPS value by INR 3,408 lakhs and increase CCPS value by INR 3,804 lakhs
April 1, 2018			
Series A 14% Non-Cumulative Compulsorily Convertible Preference Shares (CCPS)*	Revenue	USD 98.5 Mn - USD 231.89 Mn	Increase in revenue by 1% and decrease in revenue by 1% would increase CCPS value by INR 1,118 lakhs and decrease CCPS value by INR 1,198 lakhs
	EBIDTA	10.5%-25.2%	Increase in EBIDTA by 1% and decrease in EBIDTA by 1% would increase CCPS value by INR 2,698 lakhs and decrease CCPS value by INR 2,708 lakhs
	Discount rate	24.35%	Increase in discount rate by 1% and decrease in discount rate by 1% would decrease CCPS value by INR 3,172 lakhs and increase CCPS value by INR 3,526 lakhs

* Company has used discounted cash flow method for valuation of Series A 14% Non Cumulative compulsorily convertible preference shares

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

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

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable that is denominated in the foreign currency. Hedge effectiveness is determined at inception and periodic prospective effectiveness testing is done to ensure the relationship exist between the hedged items and hedging instruments, including whether the hedging instruments is expected to offset changes in cash flows of hedge items.

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

Currency	Particulars	March 31, 2020		March 31, 2020		April 01, 2018	
		FC	INR	FC	INR	FC	INR
USD	Financial assets						
	Trade receivables	106	7,975	142	9,805	113	7,371
	Loans	1	58	-	-	-	13
	Other financial assets	44	3,322	18	1,241	8	540
	Bank accounts	24	1,811	15	1,052	16	1,040
	Derivative assets						
	Foreign exchange forward contracts*	(259)	(19,482)	(75)	(5,153)	(167)	(10,846)
	Net exposure on foreign currency risk (assets)	-	-	100	6,945	-	-
	Financial liability						
	Borrowings	104	7,854	96	6,610	139	9,051
	Trade payables	27	2,069	21	1,477	11	727
	Other financial liabilities	18	1,384	7	451	2	143
	Other liabilities	4	325	4	263	3	214
	Net exposure on foreign currency risk (liabilities)	153	11,632	128	8,801	155	10,135
	Net exposure on foreign currency risk (Assets-liabilities)	(153)	(11,632)	(28)	(1,856)	(155)	(10,135)

		March 31, 2020		March 31, 2020		April 01, 2018	
Currency	Particulars	FC	INR	FC	INR	FC	INR
Euro	Financial assets						
	Trade receivables	6	536	5	415	10	786
	Loans	0	0	-	9	-	9
	Other financial assets	3	256	-	2	1	92
	Bank accounts	3	290	-	2	-	1
	Derivative assets			-	-	-	-
	Foreign exchange forward contracts*	(23)	(1,869)	(5)	(350)	(7)	(524)
	Net exposure on foreign currency risk (assets)	-	-	-	78	4	364
	Financial liability						
	Trade payables	0	(14)	-	5	-	(4)
	Other financial liabilities	-	-	-	(3)	-	-
	Other liabilities	0	14	1	59	-	-
	Net exposure on foreign currency risk (liabilities)	-	-	1	61	-	(4)
	Net exposure on foreign currency risk (Assets-liabilities)	-	-	(1)	17	4	368
GBP	Financial assets						
	Trade receivables	5	481	13	1,139	5	476
	Loans	-	10	-	14	-	7
	Other financial assets	1	112	1	55	1	64
	Bank accounts	4	380	1	110	1	59
	Net exposure on foreign currency risk (assets)	10	983	15	1,318	7	606
	Financial liability						
	Trade payables	1	124	1	99	1	102
	Other financial liabilities	3	260	1	130	1	67
	Other liabilities	-	34	2	139	2	149
	Net exposure on foreign currency risk (liabilities)	4	418	4	368	4	318
	Net exposure on foreign currency risk (Assets-liabilities)	6	565	11	950	3	288
* Represents outstanding foreign currency forward contracts. The outstanding forward contracts as April 1, 2018, March 31, 2019 and March 31, 2021 are within the maturity period of 12 months.							

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

INR in lakhs		
	Impact on profit before tax	
	March 31, 2020	March 31, 2019
USD sensitivity		
INR/ USD increases by 5%	(582)	(93)
INR/ USD decreases by 5%	582	93
EURO sensitivity		
INR/ EURO increases by 5%	-	1
INR/ EURO decreases by 5%	-	(1)
GBP sensitivity		
INR/ GBP increases by 5%	28	48
INR/ GBP decreases by 5%	(28)	(48)

** Sensitivity is calculated holding all other variables constant*

ii. Interest rate risk

The Company exposure to the risk of changes in market interest rates relates primarily to the Company's foreign currency term loan obtained from RBL at floating interest of 6m Libor + 3.1%. To manage the risk the Company has entered into a interest rate swap, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts as per contractual arrangement.

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

Apart from the above borrowings, all its financial assets or liabilities are either non-interest bearing or are at a fixed interest rate and carried at amortised cost. Thus, the Company doesn't foresee any interest rate risk on these items.

iii. Price risk

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

Sensitivity:

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

INR in lakhs		
	Impact on profit before tax	
	March 31, 2020	March 31, 2019
NAV increases by 5%	417	491
NAV decreases by 5%	(417)	(491)

Impact of Hedge activities					
(a) The following provides the details of hedging instrument and its impact on balance sheet					
	March 31, 2020				
	Currency	Nominal value (Foreign Currency)	Amount in INR	Lime item in the balance sheet	Fair value*
Cash flow hedge					
Foreign currency risk					
(for highly probable forecast transactions)					
- Foreign currency forward contracts	INR/USD	259	19,128	Other financial assets/liability	(728)
- Foreign currency forward contracts	INR/EURO	23	1884	Other financial assets/liability	(16)
	March 31, 2020				
	Currency	Nominal value (Foreign Currency)		Lime item in the balance sheet	Fair value*
Interest rate risk					
- Interest rate swaps (for variable interest rate risk on RBL Loan)	USD	12		Other financial assets	14
* represents the impact of mark to market value at year end.					
	March 31, 2019				
	Currency	Nominal value (Foreign Currency)	Amount in INR	Lime item in the balance sheet	Fair value*
Cash flow hedge					
Foreign currency risk					
(for highly probable forecast transactions)					
- Foreign currency forward contracts	INR/USD	75	5,400	Other financial assets/liability	199
- Foreign currency forward contracts	INR/EURO	5	380	Other financial assets/liability	23
	March 31, 2019				
	Currency	Nominal value (Foreign Currency)		Lime item in the balance sheet	Fair value*
Interest rate risk					
- Interest rate swaps (for variable interest rate risk on RBL Loan)	USD	23		Other financial assets	15
* represents the impact of mark to market value at year end.					
	April 1, 2018				
	Currency	Nominal value (Foreign Currency)	Amount in INR	Lime item in the balance sheet	Fair value*
Cash flow hedge					
Foreign currency risk					
(for highly probable forecast transactions)					
- Foreign currency forward contracts	INR/USD	167	11,070	Other financial assets/liability	26
- Foreign currency forward contracts	INR/EURO	7	527	Other financial assets/liability	(9)

	April 1, 2018			
	Currency	Nominal value (Foreign Currency)	Line item in the balance sheet	Fair value*
Interest rate risk				
- Interest rate swaps (for variable interest rate risk on RBL Loan)	USD	34	Other financial liability	(32)

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

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

	Highly probable forecast sales	Interest rate swaps	Total
Balance as at April 1, 2018	17	(32)	(15)
Hedge gain/(loss) recognised in Other Comprehensive Income (OCI)	841	67	908
Amount reclassified to from OCI to statement of profit and loss	(637)	(20)	(657)
Balance as at March 31, 2019	221	15	236
Hedge gain/(loss) recognised in Other Comprehensive Income (OCI)	(1,190)	(14)	(1,204)
Amount reclassified to from OCI to statement of profit and loss	225	12	237
Balance as at March 31, 2020	(744)	13	(731)

Reclassification for foreign currency forward contracts is recognized in foreign exchange gain or loss in statement of profit and loss.

Reclassification for interest rate swaps is recognized in interest expense in statement of profit and loss.

2. Credit risk

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

(i) Trade receivables

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

	Current	1-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
As at March 31, 2020							
Trade receivables	8,200	3,332	474	326	104	1,567	14,003
Allowance for expected loss	(332)	(101)	(134)	(281)	(101)	(1,567)	(2,516)
Net Trade receivables	7,868	3,231	340	45	3	-	11,487
As at March 31, 2019							
Trade receivables	8,984	3,665	460	411	207	992	14,719
Allowance for expected loss	(180)	(110)	(120)	(370)	(195)	(992)	(1,967)
Net Trade receivables	8,804	3,555	340	41	12	-	12,752

As at April 1, 2018							
Trade receivables	7,612	1,255	171	146	139	682	10,005
Allowance for expected loss	(152)	(38)	(44)	(107)	(130)	(682)	(1,153)
Net Trade receivables	7,460	1,217	127	39	9	-	8,852

Reconciliation of loss allowance

	March 31, 2020	March 31, 2019
Opening balance as at April, 1	(1,967)	(1,153)
Allowance made during the year (net)	(548)	(814)
Closing balance as at March, 31	(2,515)	(1,967)

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 34 above.

Reconciliation of loss allowance

	March 31, 2020	March 31, 2019
Opening balance as at April, 1	37	55
Allowance made during the year	56	20
Allowance reversed/ written back during the year	52	(38)
Closing balance as at March, 31	145	37

3. Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective 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, 2020	March 31, 2019	April 1, 2018
RBL Bank Limited	140	1,637	244
Kotak Mahindra Bank	1,937	2,351	402
	2,077	3,988	646

The table below summarizes 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, 2020				
Borrowings (including current maturities)	6,916.00	804	134	7,854
Lease liabilities	-	2,092.00	1,898.00	3,990
Trade payables	-	3,463	-	3,463
Foreign currency forward contracts	-	749	-	749
Other current financial liabilities #	-	553	1	554.00
	6,916	7,661	2,033	16,610
As at March 31, 2019				
Borrowings (including current maturities)	6,012	738	861	7,611
Lease liabilities	-	1,939	3,300	5,239
Trade payables	-	2,907	-	2,907

Series A 14% Non Cumulative compulsorily convertible preference shares	26,322	-	-	26,322
Foreign currency forward contracts	-	2	-	2
Employee Stock Option Liability	-	-	-	-
Other current financial liabilities #	-	2,973	33	3,006
	32,334	8,559	4,194	45,087
As at April 01, 2018				
Borrowings (including current maturities)	6,855	694	1,503	9,052
Lease liabilities	-	1,909	4,959	6,868
Trade payables	-	2,385	-	2,385
Series A 14% Non-Cumulative compulsorily convertible preference shares	-	25,852	-	25,852
Foreign currency forward contracts	-	50	-	50
Interest rate Swaps		32	-	32
Employee Stock Option Liability	2,100	-	-	2,100
Other current financial liabilities #	-	1,421	109	1,530
	8,955	32,343	6,571	47,869
# Includes future interest payable on outstanding borrowings				

37. Capital Management

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

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

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Borrowings (including current maturities)	7,843	7,591	9,023
Less: Cash and cash equivalents	(4,350)	(2,605)	(1,522)
Net (cash and cash equivalents)/debt (A)	3,493	4,986	7,501
Equity	26,561	(6,759)	(9,924)
Series A 14% Non-cumulative CCPS	-	26,322	25,852
Total equity capital (B)	26,561	19,563	15,928
Total debt and equity (C)=(A)+(B)	30,054	24,549	23,429
Gearing ratio (A)/(C)	12%	20%	32%

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020 March 31, 2019 and April 01, 2018.

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

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Notes to the Standalone Financial Statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

38. Related Party Disclosure**(i) List of related parties and relationship**

Key management personnel (KMP)	<ol style="list-style-type: none"> 1. Mr. Ashok Soota (Executive Chairman) 2. Mr. Venkatraman N (Director) (w.e.f January 16, 2018) 3. Mr. Girish Paranjpe (Director) (w.e.f June 27, 2017 till March 10, 2020) 4. Mr. Avneet Singh Kochar (Director) 5. Mr. Sashi Kumar (Managing Director) (untill w.e.f February 01, 2018)
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Subsidiary	Happiest Minds Technology LLC
Post employee benefit plan	Happiest Minds Technologies Pvt. Ltd. Employees group gratuity trust

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

	March 31, 2020	March 31, 2019
i. Contribution made to post employee benefit plan:		
Happiest Minds Technologies Pvt. Ltd. Employees group gratuity trust	120	120
ii. Director's sitting fees:		
Mr. Girish Paranjpe (last date 10th March 2020)	9	12
iii. Managerial remuneration* :		
Mr. Venkatraman N		
Salary, wages and bonus	107	79
Employee stock compensation expense	10	34
Mr. Ashok Soota		
Salary, wages and bonus	128	88
Conversion of 75,000 (PY: Nil) preference shares into equity shares - refer note (i) below	-	-

*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.

(i) In pursuant to resolution dated March 16, 2020, 75,000 14% series A full convertible non-cumulative preference shares held by Mr. Ashok Soota was converted into equity shares in the ratio of 1:163 equity shares for every preference share held. Total amount of such transaction was INR 489 lakhs.

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

	March 31, 2020	March 31, 2019	April 01, 2018
Trade receivables:			
Happiest Minds Technology LLC	-	193	146
Unbilled revenue:			
Happiest Minds Technology LLC	-	-	107
Loans			
Happiest Minds Technology LLC	53	110	-

39. Corporate Social Responsibility ('CSR') expenditure

Consequent to the requirements of Section 135 and Schedule VII of the Companies Act, 2013, companies are required to contribute 2% of its average net profits during the immediately three preceding financial years in pursuance of its Corporate Social Responsibility Policy.

Details of CSR expenditure are as follows:

	March 31, 2020	March 31, 2019
(a) Gross amount required to be spent by the Group during the year	5	-
(b) Amount spent during the year	21	5

Particulars	In cash	Yet to be paid in cash	Total
Construction/ Acquisition of any asset			
March 31, 2020	-	-	-
March 31, 2019	-	-	-
On purpose other than above			
March 31, 2020	21	-	21
March 31, 2019	5	-	5
Total			
March 31, 2020	21	-	21
March 31, 2019	5	-	5

40 Commitments and Contingent Liabilities**i) Capital Commitments**

	March 31, 2020	March 31, 2019	April 1, 2018
Capital commitments towards purchase of capital assets	72	186	-

ii) Contingent liabilities

Guarantees given by banks on behalf of the Group for contractual obligations of the Group	1,007	460	396
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iii) Other claims against Group not provided for in books

'The Company had entered into Membership Interest Purchase agreement on May 29, 2017 to acquire interest in OSS Cube LLC. As per terms of Membership Interest Purchase agreement, the sellers of OSS Cube LLC had to pay INR 1,001 lakhs towards shortfall in working capital and accounts receivable for which the Company made a claim with the Sellers through US attorneys in May, 2018. The Counsel representing Sellers responded in June 2018, admitting the claim to the extent of INR 631 lakhs and have made a counterclaim of INR 5,584 lakhs for breach of earn-out/contingent payment. The Company's counsel believes that the counter claim is weak, vague and cannot be substantiated as the conditions set forth in the Membership Interest Purchase and Sale Agreement for payment of earn out/contingent payments were not met. Accordingly no provision is created against the counter claim made by sellers in the financial statement. Subsequent to the end of the year on 15th April 2020, a settlement was reached and settlement agreement has been entered by both the parties wherein the Sellers have agreed to pay USD 2.8 lakhs over an agreed period of time and all claims by the Seller have been relinquished. No adjustments were required to be made in the financial statements for the year ended March 31, 2020, as the settlement was agreed subsequent to the end of the year.

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

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

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Notes to the Standalone Financial Statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

41 Segment Information**A. Description of segments and principal activities**

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

i) Infrastructure Management & Security Services (IMSS):

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

ii) Digital Business Solutions (DBS):

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

iii) Product Engineering Services (PES):

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

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

Year ended March 31, 2020	IMSS	DBS	PES	Total
Revenue from contracts with customers				
External customers	15,361	19,167	35,293	69,821
Inter-segment	-	-	-	-
Segment revenue	15,361	19,167	35,293	69,821
Segment results	2,961	3,950	11,860	18,771
Reconciliation to profit after tax:				
Interest income				460
Net gain on investments carried at Fair value through profit or loss				576
Other unallocable income				560
Unallocable finance cost				(799)
Unallocable depreciation and amortization expenses				(2,023)
Impairment of goodwill				(1,126)
Other unallocable expenses				(9,025)
Re-measurement gains/ (losses) on defined benefit plans (Moved to OCI)				139
Tax				(190)
Profit/ (loss for the year)				7,343
	IMSS	DBS	PES	Total
Segment assets	4,207	4,216	7,841	16,264

Reconciliation to total assets:				
Investments				8,337
Derivative instruments				19
Other unallocable assets				26,191
Total				50,811
	IMSS	DBS	PES	Total
Segment liability	594	992	675	2,261
Reconciliation to total liabilities:				
Borrowings				7,048
Other unallocable liabilities				14,941
Total				24,250
Year ended March 31, 2019	IMSS	DBS	PES	Total
Revenue from contracts with customers				
External customers	12,943	18,090	28,003	59,036
Inter-segment	-	-	-	-
Segment revenue	12,943	18,090	28,003	59,036
Segment results	2,363	4,174	11,638	18,175
Reconciliation to profit after tax:				
Interest income				291
Net gain on investments carried at Fair value through profit or loss				772
Other unallocable income				59
Unallocable finance cost				(1,589)
Unallocable depreciation and amortization cost				(2,024)
'Diminution in value of investment in subsidiary				(2,983)
Other unallocable expenses				(12,335)
'Re-measurement gains/ (losses) on defined benefit plans (Moved to OCI)				45
Tax				-
Profit/ (loss for the year)				411
	IMSS	DBS	PES	Total
Segment assets	3,949	3,780	7,070	14,799
Reconciliation to total assets:				
Investments				9,815
Derivative instruments				239
Other unallocable assets				16,326
Total				41,179
	IMSS	DBS	PES	Total
Segment liability	385	1,334	439	2,158
Reconciliation to total liabilities:				
Borrowings				6,862
Series A 14% Non-Cumulative compulsorily convertible preference shares				26,322
Other unallocable liabilities				12,596
Total				47,938
Note				
i)	Assets (other than accounts receivable and unbilled Revenue) and liabilities (other than unearned revenue) of the Company are used interchangeably between segments, and the management believes that it is currently not practical to provide segment disclosures relating to these assets and liabilities since a meaningful segregation is not possible.			

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.
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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, 2020	March 31, 2019
India	8,334	7,005
USA	54,128	44,578
UK	5,002	5,603
Others	2,357	1,850
	69,821	59,036

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

	As at	
	March 31, 2020	March 31, 2019
India	3,788	6,104
USA	9	23
UK	-	-
Others	-	-
	3,797	6,127

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

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

	For the year ended	
	March 31, 2020	March 31, 2019
One customer	12.16%	13.92%

Note: Assets (other than accounts receivable and unbilled Revenue) and liabilities (other than unearned revenue and provision for discount) of the Company are used interchangeably between segments, and the management believes that it is currently not practical to provide segment disclosures relating to these assets and liabilities since a meaningful segregation is not possible.

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 of Directors 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 of Directors 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 of Directors 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.

Under all of the plans, the Company provides the option to the employees, either to exercise all the options into Equity Shares immediately or exercise the options as and when they vest.

The Stock option plan of the company up to March 31, 2019 is classified as cash settled transaction based on the constructive obligation for settlement of option in cash.

Modification of plan:

As per the original terms of Employee share option plan (ESOP), In the event of termination of the employment with the Company for any reason other than death, the employee may be called upon by the Board, within 30 days after the date of termination, to mandatorily surrender all or any of the Shares to the Trust.

As per the modified terms of ESOP, In the event of termination of the employment with the Company for any reason other than death, the employee is allowed to retain the vested and exercised shares.

As per ESOP in case of resignation of the employee, the employee is mandatorily required to surrender all the shares exercised pursuant to ESOP to the Company. The Company in its Board meeting held in January 2019, passed a resolution modifying the terms of ESOP with effect from March 31, 2019. Pursuant to modification in ESOP the employees are allowed to retain the vested and exercised shares.

The right for cash settlement of option is removed with effect from March 31, 2019 resulting into modification in plan from Cash settled to Equity settled transaction. The modification is accounted as per below principles:

- The equity-settled share-based payment transaction is measured by reference to the fair value of the equity instruments granted at the modification date i.e. March 31, 2019.
- The liability for the cash-settled share-based payment transaction as at the modification date is derecognised on that date.
- The difference between the carrying amount of the liability derecognised and the amount of equity recognised on the modification date is recognised immediately in the statement of profit and loss.

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 ##
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).
Ownership	Legal Ownership		Legal Ownership
Vesting Pattern	Four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1,2,3 and 4 years respectively from the date of grant and become fully exercisable, subject to employee being in the employment of the Parent Company.		
Exercise Price	Exercisable at an exercise price of INR 2, INR 3, INR 5 and INR 6 per option.	Exercisable at an exercise price of INR 2 and INR 6 per option.	Exercisable at an exercise price of INR 2, INR 6.25, INR 9.50, INR 11.50 and INR 26 per option.
Economic Benefits / Voting Rights	The holders of the equity shares will be entitled to the economic benefits of holding these shares only after the completion of the various vesting terms mentioned above and shall acquire voting rights as a shareholder of the Parent Company as duly approved by the shareholders at the meeting held on July 31, 2017.		

*** As amended vide Board meeting held in October 20, 2014. Under the said Plan, for employees (working out of the United States America - "USA") who have been granted options the legal ownership vests with the Employees only.

As amended vide Board meeting held in June 30, 2015.

	March 31, 2020	March 31, 2019
Employee stock compensation expense	266	603
Employee stock option liability	-	-

Movements during the year

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

March 31, 2020

Options - India/UK Plan	Employee Stock Ownership Plan 2011		Employee Stock Ownership Plan 2015	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	344,636	5.57	3,467,500	23.23
Granted during the year	-	-	4,068,591	26.00
Exercised during the year	(59,708)	4.05	(1,633,012)	25.41
Forfeited during the year	(43,140)	6.05	(875,013)	24.23
Outstanding options as at the end of the year	241,788	5.86	5,028,066	24.59
Weighted Average Remaining Contractual Life	1.35 years		5.91 years	
Options - USA Plan	Equity Incentive Plan for US Employees-2011		Equity Incentive Plan for US Employees-2011	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	49,500	5.24	332,500	25.73
Granted during the year	-	-	400,000	26.00
Exercised during the year	(29,500)	4.73	(621,950)	26.00
Forfeited during the year	-	-	(54,175)	26.00
Outstanding options as at the end of the year	20,000	6.00	56,375	24.41
Weighted Average Remaining Contractual Life	1.80 years		4.91 years	

March 31, 2019

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	429,835	5.59	1,663,875	16.82
Granted during the year	-	-	4,157,881	26.00
Exercised during the year	(14,675)	5.76	(1,545,431)	25.93
Forfeited during the year	(70,524)	5.64	(808,825)	19.13
Outstanding options as at the end of the year	344,636	5.57	3,467,500	23.23
Weighted Average Remaining Contractual Life	2.43 Years		5.70 Years	
Options - USA Plan	Equity Incentive Plan for US Employees-2011		Equity Incentive Plan for US Employees-2011	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	49,500	5.24	197,000	23.83
Granted during the year	-	-	485,450	26.00
Exercised during the year	-	-	(172,950)	25.72
Forfeited during the year	-	-	(177,000)	24.36
Outstanding options as at the end of the year	49,500	5.24	332,500	25.73
Weighted Average Remaining Contractual Life	2.39 Years		6.20 Years	

***Weighted Average Exercise Price**

The weighted average fair value of the options granted during the year is INR 12.64/-

The weighted average share price during the year is INR 20.98 (March 31, 2019 - INR 25.75)

Exercisable options as at March 31, 2020 - 493,423 options (March 31, 2019 - 688,092 options) and weighted average exercise price - INR 13.28/- (March 31, 2019 - INR 9.22/-)

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

	March 31, 2020	March 31, 2019
Expected dividend yield	0.00%	0.00%
Expected Annual Volatility of Shares	50.00%	50.00%
Risk-free interest rate (%)	7.43%-6.86%	7.42%-7.34%
Exercise price (INR)	26.00	26.00
Expected life of the options granted (in years)	3-6 years	3-6 years

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

On April 29, 2020 the Board of Directors of the Company approved Happiest Minds Employee Stock Option Scheme 2020 ("ESOP 2020") consisting of 7,000,000 equity shares.

43 Business acquisitions

A. The Group had entered into Business Transfer agreement with OSS Cube Solutions Limited on May 29, 2017 to acquire its assets and liabilities which constitutes a business for a consideration of INR 2,130 lakhs.

The following table presents the purchase consideration, fair value of asset acquired, and goodwill recognized on the date of control (i.e. May 29, 2017).

Details of Fair value recognized on acquisition as on May 29, 2017:

Property, plant and equipment	31
Intangible assets (including Non-compete and customer relationships)	277
Loans	26
ROU assets	413
Lease liabilities	(404)
Trade receivables	85
Provisions	(185)
Total fair value of net assets acquired (A)	243
Fair value of purchase consideration (B)	2,130
Goodwill arising on acquisition (C)- (A-B)	1,887

The goodwill of INR 1,887 lakhs comprises the value of expected synergies arising from the acquisition which is not separately recognized. Refer note 4

Purchase consideration	Amount (lakhs)
Cash consideration	2,130
Total purchase consideration	2,130

B. The Group had entered into business transfer agreement with Cupola technologies Private Limited on May 9, 2017 to acquire its business (internet of things) on a slump sale basis for a cash consideration of INR 695 lakhs.

The following table presents the purchase consideration, fair value of asset acquired, and goodwill recognized on the date of control (i.e. May 17, 2017).

Details of Fair value recognized on acquisition as on May 17, 2017:

	Amount (lakhs)
Intangible assets (Non-compete and customer relationships)	84
Total fair value of assets acquired (A)	84
Fair value of purchase consideration (B)	695
Goodwill arising on acquisition (C)	611

The goodwill of INR 611 lakhs comprises the value of expected synergies arising from the acquisition which is not separately recognized. Refer note 4

Purchase consideration	Amount (lakhs)
Cash	695
Total purchase consideration	695

- C. During the year, the Company has carried annual impairment testing for both the above acquisitions as at December 31, 2019. Each of these acquisitions was considered as a separate cash-generating unit's (CGU) for the purpose of impairment assessment. The Company based on detailed valuation by an independent external valuer has identified recoverable value of each of the CGU. Accordingly an impairment amounting to INR 1,126 lakhs (March 31, 2019 : INR 761 lakhs) was accounted in the statement of profit and loss during the year against goodwill accounted pursuant to acquisition of OSS Cube Solutions Limited.

45 First time adoption of Ind AS

A. First time adoption

These financial statements, for the year ended March 31, 2020, are the first financial statements, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2019, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "Previous GAAP").

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for the year ended on March 31, 2020, together with the comparative period data as at and for the year ended March 31, 2019, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2018, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2018 and the financial statements as at and for the year ended March 31, 2019.

B. Exemptions applied

Ind AS - 101 allows first-time adopters certain exemptions and certain optional exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions and optional exemptions :

Deemed cost for Property, plant and equipment

Ind AS - 101 permits a first-adopter a first time adopter to elect to continue with the carrying value for all its property, plant and equipment as recognised in the Standalone Financial Statements as at the date of the transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS - 38 'Intangible assets'.

Accordingly the Company has elected to measure all its property, plant and equipment and intangible assets at their previous GAAP carrying value.

Share based payment

Ind AS - 101 allows a first-time adopter in respect of share-based payment transactions that give rise to liabilities to not apply Ind AS - 102 to transactions that were settled before the date of transition of Ind AS. Accordingly the Group has availed this exemption and has not applied Ind AS - 102 to such transactions.

Leases

Ind AS - 116 is applied with Full retrospective approach, the Group has identified leases since the inception of all lease contracts that are presented in the financial statements and has restated the comparative years presented.

The Group also applied the available practical expedients wherein it:

The Group has used a single discount rate of 10.7% for leases in India and 6.5% for leases in the United States of America to a portfolio of leases with reasonably similar characteristics

The Group has elected to apply short term lease exemption to leases for which the lease term ends within 12 months of the date of initial application.

The Group has excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

C. Mandatory Exceptions

Derecognition of financial assets and financial liabilities

Ind AS - 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS - 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS - 101 allows a first time adopter to apply the de-recognition requirements in Ind AS - 109 retrospectively from a date of the Group's choice, provided that

the information needed to apply Ind AS - 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS - 109 prospectively from the date of transition to Ind AS.

Hedge accounting

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. The Group has applied guidance note on accounting for derivative contract and designated the derivative contracts as hedging instrument. All the hedges designated under Indian GAAP are of types which qualify for hedge accounting in accordance with Ind AS - 109 also. Moreover, the Group, before the date of transition to Ind AS, has designated a transaction as hedge and also meets all the conditions for hedge accounting in Ind AS - 109. Consequently, the Group continues to apply hedge accounting after the date of transition to Ind AS.

Classification and measurement of financial assets

Ind AS - 101 requires a Group to assess classification and measurement of financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS. The Group has assessed the same accordingly.

Estimates

The Group estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is an objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2018, are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transitions as these were not required under previous GAAP:

- Investment in mutual funds carried at Fair value through profit or loss.
- Impairment of financial assets based on expected credit loss method

D. Reconciliation of total equity between previous GAAP and Ind AS			
1. Equity reconciliation			
	Notes	March 31, 2019	April 01, 2018
Equity as reported under previous GAAP		20,752	19,189
Ind AS adjustments			
Fair value adjustments:			
Investment in mutual funds	a	773	132
Compulsorily convertible preference share	b	(26,322)	(25,852)
Security deposits	c	(20)	(15)
Allowance of expected credit losses on trade receivables and unbilled revenue	d	(650)	(555)
Leases	e	(415)	(249)
Impact of restatement of past business combination	f	(650)	(426)
Consolidation of ESOP trust	g	(94)	(163)
Employees stock option expense	h	(132)	(1,984)
Equity as per Ind AS		(6,758)	(9,923)
2. Total comprehensive income reconciliation for the year ended March 31, 2019			
	Notes	Year ended March 31, 2019	
Profit after tax as per previous GAAP			1,286
Ind AS adjustments			
Fair value adjustments:			
Investment in mutual funds	a		641

Compulsorily convertible preference share	b	(470)
Security deposits	c	(5)
Allowance of expected credit losses on trade receivables and unbilled revenue	d	(95)
Leases	e	(166)
Impact of restatement of past business combination	f	(224)
Consolidation of ESOP trust	g	(2)
Employees stock option expense	h	(599)
Remeasurement of employee benefit obligation	i	45
Net profit after tax as per Ind AS		411
Other comprehensive income (net of tax)	j	207
Total comprehensive income as per Ind AS		618

3. Cash flow reconciliation for the year ended March 31, 2019

	As per previous GAAP	Ind AS adjustments	As per Ind AS
Net cash flows from operating activities	3,751	2,092	5,843
Net cash flows used in investing activities	(332)	281	(51)
Net cash flows used in financing activities	(2,496)	(3,338)	(5,834)
Effect of exchange differences on cash and cash equivalents held in foreign currency	125	-	125
Cash and cash equivalents at the beginning of the year	1,493	29	1,522
Cash and cash equivalents at the end of the year	2,541	(936)	1,605

E. Notes to reconciliations between previous GAAP and Ind AS

a) Fair value of investment

Under previous GAAP, the Company were carrying their current investment at the lower of carrying amount and face value. Under Ind AS, these investments are required to be measured at fair value. The resulting change in fair value is recognised in retained earnings at the date of transition i.e. April 01, 2018 and subsequently in the statement of profit and loss. The company has recorded a fair market value adjustment of INR 132 lakhs to retained earning as at April 1 2018, and increased value of investment for INR 132 lakhs. In the year March 31, 2019 the company has accounted other income of INR 773 lakhs on account of increase in fair value of investment and increased investment by INR. 773 lakhs.

b) Compulsorily convertible preference share

Under the previous GAAP, compulsorily convertible preference shares (CCPS) issued to the investors were classified as equity and carried at transaction value.

The company had issued compulsorily convertible preference shares to the investors. The terms of the instrument provided the holder an option to convert the instrument and also a right to put back the instrument to the Company on the event the Company is not able to conduct a successful qualified IPO within 7 years from the date of issue. On such occurrence, the Company will be obliged to buyback CCPS at a price equal the fair value of equity shares. Since the conduct of successful qualified IPO is not within the control the Company, the Company doesn't have an unconditional right to avoid settlement. Thus, these instruments are in the nature of hybrid instrument with embedded derivative in the form of settlement option and host non-derivative liability. On transition, this instrument is recorded at its fair value and difference between its fair value and the carrying amount as per previous GAAP is recognised in the retained earnings. On the transition date the Company has reclassified 290,272 CCPS from equity to liability, Pursuant to such reclass the Company has transferred INR. 1,893 lakhs from paid up share capital and INR 14,513 lakhs from security premium to financial liability. Further on fair valuation of CCPS INR 9,446 lakhs is adjusted with retained earning towards increase in fair value of CCPS. During March 31, 2019 the Company has adjusted INR. 470 lakhs is adjusted with retained earning towards increase in fair value of CCPS.

c) Security deposits

Under previous GAAP, interest free security deposits are recognised at their transaction value. Under Ind AS - 109, these deposits are initially recognised at fair value and subsequently measured at amortised cost at the end of each reporting period. Accordingly, the difference between transaction value and fair value of these deposits is recognised as Right-of-use assets and is amortised over the period of the lease term. Further, interest is accrued on the present value of these security deposits. On transition date the Company has adjusted retained

earning towards fair value of security deposits by INR 15 lakhs and During the year March 31, 2019 the Company has further adjusted INR 5 lakhs to retained earning towards increase in fair value of security deposit.

d) Allowance of expected credit losses on trade receivables and unbilled revenue

Under previous GAAP, the Group has created provision for impairment of receivables and unbilled revenue based on the incurred loss model. Under Ind AS, impairment loss has been determined as per Expected credit loss (ECL) model. The difference between the provision amount as per previous GAAP and Ind AS - ECL is recognized as retained earnings on date of transition and subsequently in the statement of profit and loss. On transition date the Group has adjusted retained earnings for expected credit loss of INR 731 lakhs and During the year March 31, 2019 the Group has further adjusted INR 277 lakhs to retained earning towards additional allowance of ECL.

e) Lease

Under previous GAAP, lessee classified a lease as an operating or a finance lease based on whether or not the lease transferred substantially all risk and rewards incidental to the ownership of an asset. Operating lease were expensed in the statement of profit and loss. Pursuant to application of Ind AS - 116, for operating leases other than those for which the Group has opted for short-term or low value exemption, the Group has recorded a right-of-use assets and Lease liabilities. Right-of-use asset is amortized over the lease term or useful life of the leased assets whichever is lower and lease liability is subsequently measured at amortized cost and interest expense is recognized. The lease equalization reserve appearing in the books pursuant to straight lining of rent was reversed through retained earnings on transition to Ind AS. On adoption of Ind AS - 116, on transition date the Group has adjusted INR 247 lakhs against retained earnings and during the year ended March 31, 2019 the Group has recognized INR 146 lakhs against retained earnings

The company has measured the right-of-use asset at the date of transition at its carrying amount as if Ind AS - 116 had been applied since the commencement date of the lease and the lease liability is measured at present value of the remaining lease payments as at the date of transition .

f) Restatement of past business combination

Under previous GAAP, the Group had treated the acquisition of business of Cupola technology Private Limited, OSS cube solutions limited and OSS cube LLC as an amalgamation in the nature of purchase and accounted the difference between the consideration paid and book value of assets acquired as goodwill. Under Ind AS - 103, Group restated its past business combination and has accounted the acquisition using acquisition method and accounted difference between the acquisition date fair value of consideration paid and acquisition date fair value of identifiable assets and liabilities acquired as goodwill. The fair value of contingent consideration treated as a part of purchase consideration under previous GAAP is treated as a post combination expense under Ind AS and expensed out in the statement of profit and loss.

On the date of transition following adjustment were made against retained earnings:

1. INR 280 lakhs have been adjusted on account of amortization of Intangible assets (customer relationship and non-compete fees).
2. INR 300 lakhs has been adjusted on account of contingent consideration payable
3. (INR 16) lakhs have been adjusted on account of other business combination adjustments.

As at ended March 31, 2019 following adjustments were made against retained earnings:

1. INR 181 lakhs has been adjusted on account of amortization of Intangible assets (customer relationship and non-compete fees).
2. INR 600 lakhs has been adjusted on account of contingent consideration payable
3. (INR 129) lakhs have been adjusted on account of other business combination adjustments

g) Consolidation of ESOP trust

Under the previous GAAP, the employee stock option trust was not included in the Standalone Financial Statement of the sponsoring Group. Under Ind AS, ESOP trust is treated as an extended Group and included in the Standalone Financial Statement of the sponsoring Group. The investment in Group held by the trust is adjusted against share capital and security premium on consolidation of trust and shown as a treasury shares in the Group's financial statement. On transition date equity share capital and security premium held by the trust has been adjusted with opening equity. On the transition date the Group has consolidated shares held by trust, On consolidation the group has adjusted treasury shares held by trust of INR 163 lakhs. As at March 31, 2019 treasury shares are adjusted for INR 94 lakhs.

h) Employee stock option expense

Under the previous GAAP, the Group had treated the employee stock option plan (ESOP) as an equity settled option. On transition to Ind AS, such ESOP is treated as a cash settled plan on account of constructive obligation created by the trust's practice of repurchasing the shares on termination of employment. The outstanding options are fair valued at each reporting date till the options are settled and recorded as an expense in the statement of profit and loss. In respect of shares held by the live employees, the exercise price paid by the employees lying in the equity is reclassified to employee stock option liability. On transition date, the Group has adjusted INR 1,985 on account of cash settled ESOP to equity share capital and security premium. During the year ended March 31, 2019 INR 122 lakhs has been adjusted towards equity share capital and security premium.

i) Remeasurement of defined benefit obligation

Under previous GAAP, actuarial gains and losses were recognized in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of net defined benefit liability which is recognized in other comprehensive income in the respective periods. During the year March 31, 2019 INR 45 lakhs is adjusted to Remeasurement of defined benefit obligation.

j) Other Comprehensive income

Under previous GAAP, the exchange difference on translating the financial statement of foreign operations, the net movement in effective portion of cash flow hedge and remeasurement on defined benefit plan were recognized in statement of profit and loss. On transition, these are reclassified to other comprehensive income.

k) Retained earnings

Retained earnings as at April 01, 2018 has been adjusted consequent to above Ind AS adjustments.

F. Material regrouping

Appropriate adjustments have been made in these financial statements, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the requirements of the Ind AS.

46. The comparatives given in the financial statements have been compiled after making necessary Ind AS adjustments to the respective audited financial statements under Previous GAAP to give a true and fair view in accordance with Ind AS.

47. There were no subsequent events after the reporting date which requires disclosure or adjustment to the reported amounts.

As per our report of even date

for S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm's Registration Number: 101049W/E300004

for and on behalf of the Board of Directors:

Happiest Minds Technologies Private Limited

CIN: U72900KA2011PTC057931

per **Sumit Mehra**

Partner

Membership no.: 096547

Ashok Soota

Executive Chairman

DIN: 00145962

Venkatraman Narayanan

Director & Chief Financial Officer

DIN: 01856347

Place: Bengaluru, India

Date: May 13, 2020

Place: Bengaluru, India

Date: May 13, 2020

Place: Bengaluru, India

Date: May 13, 2020

Praveen Darashankar

Company Secretary

FCS No.: F6706

Place: Bengaluru, India

Date: May 13, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Happiest Minds Technologies Private Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Happiest Minds Technologies Private Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

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 other auditors on separate Ind AS financial statements and on the other financial information of the Happiest Minds Technologies Share Ownership Plans Trust (the "ESOP Trust"), the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, their consolidated profit including other comprehensive income and their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. The Board report is not made available to us as at date of this auditor's report. We have nothing to report in this regard.

Responsibility of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. 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 of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those 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 Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS 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 Ind AS 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 Ind AS 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 control 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 Holding Company has adequate internal financial controls with reference to 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 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS 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 entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS 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 Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS 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 control 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.

Other Matter

We did not audit the financial statements and other financial information, in respect of the ESOP Trust, whose Ind AS financial statements include total assets of Rs. 1,068 lakhs, Rs. 517 lakhs and Rs. 566 lakhs as at March 31, 2020, March 31, 2019 and April 1, 2018, respectively, net assets of Rs. 1,051 lakhs, Rs. 363 lakhs and Rs. 115 lakhs as at March 31, 2020, March 31, 2019 and April 1, 2018, respectively, total revenues of Rs. Nil and net cash inflows of Rs. 250 lakhs, Rs. 35 lakhs and Rs. 25 lakhs for the years ended on that date. These Ind AS financial statements and other financial information have been audited by other auditor, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The standalone Ind AS financial statements also include the ESOP Trust's share of net loss of Rs. 4.75 lakhs, Rs. 2 lakhs and Rs. 0.2 lakhs for the year ended March 31, 2020, March 31, 2019 and April 1, 2018, respectively, as considered in the standalone financial statements, in respect of the ESOP Trust whose financial statements, other financial information have been audited by other auditor and whose reports have been furnished to us by the Management. Our opinion on the standalone Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this ESOP Trust, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid trust, is based solely on the report(s) of such other auditor.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the ESOP Trust, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company none of the directors of the Company is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Company, refer to our separate report in "Annexure 1" to this report;

(g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Holding Company for the year ended March 31, 2020;

(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 and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the ESOP Trust as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 39 to the consolidated Ind AS financial statements;

ii. The Group 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 Holding Company incorporated in India during the year ended March 31, 2020.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Sumit Mehra

Partner

Membership Number: 096547

UDIN:

Place of Signature: Bengaluru

Date: May 13, 2020

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Report on the Internal Financial Controls 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 financial statements of Happiest Minds Technologies Private Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Happiest Minds Technologies Private Limited (hereinafter referred to as the "Holding Company") as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding company's internal financial controls over financial reporting with reference to these consolidated financial statements 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") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 over financial reporting with reference to these 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 over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these 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 is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

A company's internal financial control over financial reporting with reference to these 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 over financial reporting with reference to these 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 Over Financial Reporting With Reference to these Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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, the Holding Company has maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding 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 S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Sumit Mehra
Partner
Membership Number: 096547
UDIN:
Place of Signature: Bengaluru
Date: May 13, 2020

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Consolidated Balance Sheet as at 31 March 2020

(All amounts in INR lakhs, unless otherwise stated)

	Notes	As at 'March 31, 2020	As at March 31, 2019	As at April 01, 2018
Assets				
Non- current assets				
Property, plant and equipment	3	93	214	264
Capital work-in-progress	3	-	-	14
Goodwill	4	610	1,736	2,961
Other intangible assets	4	72	196	793
Right-of-use assets	5	3,006	3,965	5,484
Intangibles assets under development	4	17	17	-
Financial assets				
i. Loans	6	767	618	585
ii. Other financial assets	7	368	239	185
Income tax assets (net)	8	1,335	920	584
Other assets	9	33	48	40
Total non-current assets		6,301	7,953	10,910
Current assets				
Financial assets				
i. Investments	11	8,337	9,815	13,862
ii. Trade receivables	12	11,487	12,927	9,437
iii. Cash and cash equivalents	13	4,353	2,627	1,652
iv. Loans	6	100	77	273
v. Other financial assets	7	19,177	7,091	1,141
Other assets	9	1,060	862	1,424
Total current assets		44,514	33,399	27,789
Equity and liabilities				
Equity				
Equity share capital	14	879	597	375
Instruments entirely in the nature of equity	15	3,634	2,230	2,229
Other equity	16	22,018	(9,432)	(13,492)
Equity attributable to equity holders of the parent		26,531	(6,605)	(10,888)
Non-controlling interest		-	-	-
Total equity		26,531	(6,605)	(10,888)
Liabilities				
Non-current liabilities				
Financial liabilities				
i. Borrowings	17	132	850	1,483
ii. Lease liabilities	18	1,731	2,964	4,314
Provisions	19	1,255	940	812
Deferred tax liability	10	-	-	123
Total non-current liabilities		3,118	4,754	6,732

Current liabilities

Contract liability	20	818	1,067	547
Financial liabilities				
i. Borrowings	17	6,916	6,012	6,855
ii. Lease liabilities	18	1,816	1,582	1,456
iii. Trade payables	21			
(A) Total outstanding due to micro enterprises and small enterprises		12	40	38
(B) Total outstanding due to creditors other than micro enterprises and small enterprises.		3,430	2,838	2,460
iv. Other financial liabilities	22	6,397	29,930	30,008
Provisions	19	1,246	998	820
Other current liabilities	23	531	736	671
Total current liabilities		21,166	43,203	42,855
Total liabilities		24,284	47,957	49,587
Total equity and liabilities		50,815	41,352	38,699
Summary of significant accounting policies	2			

The notes referred to above form an integral part of the Consolidated Financial Statement.

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

for and on behalf of the Board of Directors:
Happiest Minds Technologies Private Limited
CIN: U72900KA2011PTC057931

per Sumit Mehra
Partner
Membership no.: 096547

Place: Bengaluru, India
Date: May 13, 2020

Ashok Soota
Executive Chairman
DIN: 00145962

Place: Bengaluru, India
Date: May 13, 2020

Venkatraman Narayanan
Director & Chief Financial Officer
DIN: 01856347

Place: Bengaluru, India
Date: May 13, 2020

Praveen Darashankar
Company Secretary
FCS No.: F6706

Place: Bengaluru, India
Date: May 13, 2020

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Consolidated Statement of Profit and Loss for the year ended 31 March 2020

(All amounts in INR lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Income			
Revenue from contracts with customers	24	69,821	59,036
Other income	25	1,602	1,145
Total income		71,423	60,181
Expenses			
Employee benefits expense	26	44,123	38,505
Depreciation and amortisation	27	2,023	2,478
Finance cost	28	802	1,594
Other expenses	29	15,988	15,048
Total expenses		62,936	57,625
Profit before exceptional items and tax		8,487	2,556
Exceptional Items - Impairment of goodwill	30	1,126	1,258
Profit before tax		7,361	1,298
Current tax	31	172	-
Adjustment of tax relating to earlier periods	31	18	-
Deferred tax charge/ (credit)	31	-	(123)
Profit for the year		7,171	1,421
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange differences on translating the financial statements of a foreign operation		(12)	108
Net movement on effective portion of cash flow hedges		(967)	252
Income tax effect	31	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(979)	360
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement gains/ (losses) on defined benefit plans		(139)	(45)
Income tax effect	31	-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		(139)	(45)
Other comprehensive income for the year, net of tax		(1,118)	315
Total comprehensive income for the year		6,053	1,736
Profit for the year		7,171	1,421
Attributable to:			
Equity holders of the parent		7,171	1,421

Non-controlling interests		-	-
Total comprehensive income for the year		6,053	1,736
Attributable to:			
Equity holders of the parent		6,053	1,736
Non-controlling interests		-	-
Earnings per equity share			
Basic, computed on the basis of profit for the year attributable to equity holders of the parent		7.04	1.89
Diluted, computed on the basis of profit for the year attributable to equity holders of the parent		5.36	1.16
Summary of significant accounting policies	2		

The notes referred to above form an integral part of the Consolidated Financial Statement.

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

for and on behalf of the Board of Directors:
Happiest Minds Technologies Private Limited
CIN: U72900KA2011PTC057931

per **Sumit Mehra**
Partner
Membership no.: 096547

Place: Bengaluru, India
Date: May 13, 2020

Ashok Soota
Executive Chairman
DIN: 00145962

Place: Bengaluru, India
Date: May 13, 2020

Venkatraman Narayanan
Director & Chief Financial
Officer
DIN: 01856347

Place: Bengaluru, India
Date: May 13, 2020

Praveen Darashankar
Company Secretary
FCS No.: F6706

Place: Bengaluru, India
Date: May 13, 2020

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Consolidated Statement of Cash Flows for the year ended 31 March 2020

(All amounts in INR lakhs, unless otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Operating activities		
Profit before tax	7,361	1,298
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment and right-of-use assets	2,023	2,478
(Gain)/ loss on disposal of property, plant and equipment, net	-	5
Share-based payment expense	266	603
Gain on investment carried at fair value through profit and loss	(121)	(659)
Gain on sale of investment carried at fair value through profit and loss	(455)	(113)
Interest income	(466)	(296)
Impairment of goodwill	1,126	1,258
Unrealised foreign exchange (gain)/ loss	(173)	840
Gain on Sub-Leasing the premises	-	(43)
Impairment loss	762	561
Acquisition related receivables written off	-	166
Finance costs	802	1,594
Operating cash flow before working capital changes	11,125	7,692
Movements in working capital:		
(Increase)/ decrease in trade receivables	1,352	(4,343)
(Increase)/ decrease in loans	(105)	149
(Increase)/ decrease in non-financial assets	(189)	556
(Increase)/ decrease in financial assets	(2,776)	(819)
Increase/ (decrease) in trade payables	477	381
Increase/ (decrease) in financial liabilities	1,976	1,588
Increase/ (decrease) in provisions	424	262
Increase/ (decrease) in contract liabilities	(249)	520
Increase/ (decrease) in other non-financial liabilities	(208)	112
	11,827	6,098
Income tax paid	(605)	(336)
Net cash flows from operating activities (A)	11,222	5,762
Investing activities		
Purchase of property, plant and equipment	(46)	(79)
Purchase of intangible assets	(67)	(24)
Proceeds from subleasing the premises	75	25
Proceeds from sale of property, plant and equipment	-	8
Investment in bank deposit	(9,769)	(4,957)
Proceeds from sale of investments	2,054	4,819
Interest received	379	181
Net cash flows used in investing activities (B)	(7,374)	(27)

Financing activities		
Repayment of long-term borrowings	(755)	(747)
Proceeds / (Repayment) of short-term borrowings (net)	1,430	(2,378)
Payment of principal portion of lease liabilities	(1,710)	(1,487)
Payment of interest portion of lease liabilities	(414)	(549)
Proceeds from exercise of share options	442	(177)
Proceeds from issue of preference shares	-	21
Interest paid	(327)	(567)
Net cash flows used in financing activities (C)	(1,334)	(5,884)
Net increase in cash and cash equivalents	2,514	(149)
Net foreign exchange difference	212	125
Cash and cash equivalents at the beginning of the year	1,627	1,651
Cash and cash equivalents at the end of the year	4,353	1,627
Components of cash and cash equivalents		
Balance with banks		
- on current account	1,431	2,452
- in EEFC accounts	1,922	175
Deposits with original maturity of less than three months	1,000	-
Less: Bank overdraft	-	(1,000)
Total cash and cash equivalents	4,353	1,627
Summary of significant accounting policies	2	

The notes referred to above form an integral part of the Consolidated Financial Statement.

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

for and on behalf of the Board of Directors:
Happiest Minds Technologies Private Limited
CIN: U72900KA2011PTC057931

per **Sumit Mehra**
Partner
Membership no.: 096547

Place: Bengaluru, India
Date: May 13, 2020

Ashok Soota
Executive Chairman
DIN: 00145962

Place: Bengaluru, India
Date: May 13, 2020

Venkatraman Narayanan
Director & Chief Financial
Officer
DIN: 01856347

Place: Bengaluru, India
Date: May 13, 2020

Praveen Darashankar
Company Secretary
FCS No.: F6706

Place: Bengaluru, India
Date: May 13, 2020

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Consolidated Statement of Changes in Equity for the year ended 31 March 2020

(All amounts in INR lakhs, unless otherwise stated)

a) Equity share capital	No of Shares	Amount
Equity shares of INR 2 each issued, subscribed, and fully paid		
At April 1, 2018	18,755,367	375
Issued during the year	-	-
Issue of shares by trust - refer note (i) below	751,831	15
Change on account of modification of ESOP - refer note (ii) below	10,326,054	207
At March 31, 2019	29,833,252	597
Issued during the year - refer note (iii) below	12,225,000	245
Issue of shares by trust - refer note (iv) below	1,840,925	37
At March 31, 2020	43,899,177	879
Note:		
(i) During the year ended March 31, 2019 Employee Benefit Trust (EBT) has issued 751,831 equity shares to the employee on exercise of Employee Share Option Plan (ESOP).		
(ii) As per Employee share option plan (ESOP) in case of resignation of the employee, the employee is mandatorily required to surrender all the shares exercised pursuant to ESOP to the Company. The Company in its Board meeting held in January 2019, passed a resolution modifying the terms of ESOP with effect from March 31, 2019. Pursuant to modification in ESOP the employees who have completed vesting condition are allowed to retain the shares acquired pursuant to ESOP.		
(iii) During the year ended March 31, 2020, a Series A 14% Non-Cumulative compulsorily convertible preference (CCPS) shares holder has converted 75,000 CCPS into equity at an ratio of 1:163.		
(iv) During the year ended March 31, 2020 Employee Benefit Trust (EBT) has issued 1,840,925 equity shares to the employee on exercise of employee stock option plan.		
b) Instruments entirely in the nature of equity	No of Shares	Amount
Series A 14% Non-Cumulative compulsorily convertible preference shares (CCPS) of INR 652 each issued, subscribed and fully paid.		
At April 1, 2018	341,885	2,229
Issued during the year	188	1
At March 31, 2019	342,073	2,230
Increase on account of modification of CCPS - refer note (i) & (ii) below	290,272	1,893
Conversion into equity shares during the year - refer note (a) (iii) above	(75,000)	(489)
At March 31, 2020	557,345	3,634
Note:		
(i) On March 25, 2020, CMDDB II has waived its right for exit option including the buyback for 167,173 CCPS. Upon waiver of rights, the existing CCPS classified as liability is treated as instrument entirely in nature of equity. These CCPS on date of modification is accounted at fair value. There is no gain/loss on derecognition of liability.		
(ii) On July 1, 2019, Intel Capital Corporation ("Intel") has entered into a share purchase agreement with Mr. Ashok Soota, pursuant to which Intel has sold 123,099 CCPS to Mr. Ashok Soota, Upon such transfer, the existing Cumulative compulsorily convertible preference shares (CCPS) classified as liability is now treated as instruments entirely in the nature of equity		

c) Other equity								
	Attributable to the equity holders of the parent						Non-controlling interest	Total equity
	Reserves and Surplus		Other equity			Total		
	Securities premium (Note 16)	Retained earnings (Note 16)	Share options outstanding reserve (Note 16)	Foreign currency translation reserve (Note 16)	Cash flow hedge reserve (Note 16)			
As at April 01, 2018	16,518	(30,009)	-	14	(15)	(13,492)	-	(13,492)
Profit for the year	-	1,421	-	-	-	1,421	-	1,421
Other comprehensive income	-	(45)	-	-	-	(45)	-	(45)
Net movement on effective portion of cash flow hedges	-	-	-	-	252	252	-	252
Exchange difference on translation of foreign operations	-	-	-	108	-	108	-	108
Total comprehensive income	-	1,376	-	108	252	1,736	-	1,736
Increase during the year	20	-	-	-	-	20	-	20
Transfer from Employee Stock Option Plan (ESOP) liability on account of modification of ESOP - refer note (a) (ii) above	2,064	-	240	-	-	2,304	-	2,304
As at March 31, 2019	18,602	(28,633)	240	122	237	(9,432)	-	(9,432)
Profit for the year	-	7,171	-	-	-	7,171	-	7,171
Other comprehensive income	-	(139)	-	-	-	(139)	-	(139)
Net movement on effective portion of cash flow hedges	-	-	-	-	(967)	(967)	-	(967)
Exchange difference on translation of foreign operations	-	-	-	(12)	-	(12)	-	(12)
Total comprehensive income	-	7,032	-	(12)	(967)	6,053	-	6,053
Increase during the year	245	-	-	-	-	245	-	245
Exercise of share option by employees	405	-	-	-	-	405	-	405
Transferred to retained earnings for vested options forfeited	-	52	(52)	-	-	-	-	-
Change in fair value of effective portion of outstanding derivative, net	-	-	-	-	-	-	-	-
Change on account of modification of preference shares - refer note (b) (i) and (b) (ii) above	24,481	-	-	-	-	24,481	-	24,481
Reduction in capital - refer note (i) below	(15,952)	15,952	-	-	-	-	-	-
Share-based payments expense	-	-	266	-	-	266	-	266
As at March 31, 2020	27,781	(5,597)	454	110	(730)	22,018	-	22,018

Note

- (i) The Parent Company had filed for capital reduction through National Company Law Tribunal ("NCLT") and received an order on November 5, 2019 for writing off the accumulated losses of the Parent Company being the debit balance of profit and loss account as appearing in the Standalone Financial Statement of the Parent Company as at March 31, 2018 prepared under previous GAAP (Indian GAAP) with securities premium. The accumulated losses of the Parent Company as at March 31, 2018 is INR 17,233 lakhs and during the year ended March 31, 2019 the Parent Company has earned a profit of INR 1,281 lakhs under Indian GAAP and the accumulated balance in profit and loss account as at March 31, 2019 was INR 15,952 lakhs. This balance has been written off in the current year.

Summary of significant accounting policies

The notes referred to above form an integral part of the Consolidated Financial Statement.

As per our report of even date

for S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm's Registration Number: 101049W/E300004

for and on behalf of the Board of Directors:

Happiest Minds Technologies Private Limited

CIN: U72900KA2011PTC057931

per **Sumit Mehra**

Partner

Membership no.: 096547

Place: Bengaluru, India

Date: May 13, 2020

Ashok Soota

Executive Chairman

DIN: 00145962

Place: Bengaluru, India

Date: May 13, 2020

Venkatraman Narayanan

Director & Chief Financial Officer

DIN: 01856347

Place: Bengaluru, India

Date: May 13, 2020

Praveen Darashankar

Company Secretary

FCS No.: F6706

Place: Bengaluru, India

Date: May 13, 2020

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

Corporate Information

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

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

The Group's Consolidated Financial Statements (CFS) for the year ended March 31, 2020 were approved by Board of Directors on May 13, 2020.

1. Basis of preparation of Consolidated Financial Statement

a. Statement of Compliance

The Consolidated Financial Statement of the Group 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) with effect from April 1, 2018.

The Consolidated financial Statement (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.

For all periods up to and including the year ended 31 March 2019, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These Consolidated financial statement for the year ended 31 March 2020 are the first the Group has prepared in accordance with Ind AS. Refer to note 45 for information on how the Company adopted Ind AS.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS - 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 45.

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

'These Consolidated Financial Statement 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, 2020.

'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
- d) Employee share-based payments - cash settled transactions - refer note 2 (m)

b. Functional currency and presentation currency

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

c. Use of estimates and judgements

In preparing these Consolidated Financial Statement, 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 statement in the period in which changes are made and, if material, their effects are disclosed in the notes to the Consolidated Financial Statement.

Judgements:

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

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

Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2020 is included in the following notes:

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

d. Current and non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

e. Basis of Consolidation

The Consolidated Financial Statement comprise the financial statements of the Parent Company and its subsidiary as at 31 March 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of

a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statement 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 Statement for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the Consolidated Financial Statement to ensure conformity with the Group's accounting policies.

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

Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses, and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the Consolidated Financial Statement at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognized 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 Statement. 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.

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

Name of Company	Nature of Business	Country of incorporation	Ownership interest as at 31, March 2020	Ownership interest as at 31, March 2019
Happiest Minds Technologies LLC,	IT services	United States of America	100%	100%

2. Significant accounting policies

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

a. Revenue recognition

The Group derives revenue primarily from rendering engineering 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 Group expects to receive in exchange for those products or services. The Group is a principal in rendering engineering 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 recognized when the Group satisfies its performance obligations to its customers as below:

Rendering of engineering services

Revenues from engineering 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 and where there is no uncertainty as to measurability or collection of consideration is recognized in accordance with the proportionate performance method. The input (efforts expended) method has been used to measure progress towards completion, as there is a direct relationship between input and productivity. Provisions for estimated losses on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. In determining the transaction price for rendering of engineering 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 recognized net of trade and cash discounts.

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 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 recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Sale of licenses

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

Contract balances

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

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

Interest income

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

For all financial instruments measured at 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 when the right to receive the dividend is established, which is generally when shareholders approve the dividend. Dividend income is included under the head "Other income" in the statement of profit and loss.

b. Business Combination

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

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are 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. 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 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 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 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 recognized 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 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 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

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet on the basis of historical cost. For the transition to Ind AS, the Group has elected to continue with the carrying value for all of its property, plant and equipment recognized as of April 01, 2018 (date of transition to Ind AS) measured as per the previous GAAP and use that carrying value as its deemed cost as at the date of transition.

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 Group 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 statement of profit and loss during the reporting period when they are incurred.

'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 INR 5,000 or less are depreciated at 100% in the year in which such assets are ready to use.

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

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

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

Leasehold improvements are amortized 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

The Group has restated its business combination from April 01, 2017 resulting into restatements of Goodwill, customer relationships, trademark and non-compete (refer note 43). For all other intangible assets, the Group has elected to continue with the carrying value for all of its Intangible assets recognized as of April 01, 2018 (date of transition to Ind AS) measured as per the previous GAAP and use that carrying value as its deemed cost as at the date of transition.

Goodwill

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

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

Other intangible assets

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

An item of intangible asset 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.

Amortization methods and periods

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

Asset	Life in Years
Computer software	2.5-3 years
Non-compete fees	3 years
Customer relations	3 years
Trademark	3 years

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

Research costs are expensed as incurred. Development expenditures on an individual project are recognized 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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

e. Impairment of non-financial assets

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

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

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

Impairment losses of continuing operations, including impairment on inventories, are recognized 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 recognized 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 recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or Cash Generating Unit's (CGU's) recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized 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 recognized. 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 capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g. Leases

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

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

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes 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 recognizes 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 recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

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

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

Lease liabilities

At the commencement date of the lease, the Group recognizes 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 recognized 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.

Sublease

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

Short-term leases and leases of low-value assets

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

Lease and non-lease component

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

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

Extension and termination option

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

Group as lessor

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

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

h. Financial Instruments

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

Non-derivative financial instruments:

a) Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that

do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS - 115.

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized 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 recognized 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 amortized 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 amortized cost

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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Amortized 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 amortization is included in other income in the statement of profit and loss. The losses arising from impairment are recognized 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 Fair Value Through Other Comprehensive Income (FVTOCI)

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

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent solely payments of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized 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 Fair Value Through Profit or Loss (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 recognized 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 recognized 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 recognized 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 recognized 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 derecognized (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 recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Reclassification of financial assets

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

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

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

- Trade receivables or contract revenue receivables

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

The Group recognizes 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 recognizing impairment loss allowance based on 12-month ECL.

Financial Instruments (continued)

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 recognized 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 recognized 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 recognized 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 recognized in the statement of profit and loss. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

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

Amortized 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 amortization is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer note 17.

Derecognition

A financial liability is derecognized 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 recognized in the statement of profit and loss.

c) Offsetting of financial instruments

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

Derivative financial instruments:

Initial recognition and subsequent measurement:

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized 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 recognized 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 recognized asset or liability or an unrecognized 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 recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

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

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

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

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

Cash flow hedges

The Group designates certain foreign exchange forward and interest rate swaps as cash flow hedges with an intention to hedge its existing liabilities and highly probable transaction in foreign currency. When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized 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 recognized 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 recognized 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 recognized in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedge reserve is reclassified to the Statement of Profit and Loss.

Compulsorily Convertible Preference Shares (CCPS)

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

i. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

j. Cash and cash equivalents

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

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

k. Foreign currency translation

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized 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 recognized 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 recognized in the statement of profit and loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., Consolidated Financial Statement

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

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

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

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

I. Employee Benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized 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 recognized 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 recognized 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 recognized 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 recognized 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.

As per Employee share option plan (ESOP) in case of resignation of the employee, the employee is mandatory required to surrender all the shares exercised pursuant to ESOP to the Company. The Company in its Board meeting held in January 2019, passed a resolution modifying the terms of ESOP with effect from March 31, 2019. Pursuant to modification in ESOP the employees is allowed to hold retain the shares acquired pursuant to ESOP.

Cash-settled transactions:

The Stock option plan of the Company, up to March 31, 2019 is classified as cash settled transaction based on the constructive obligation for settlement of option in cash.

The cost of cash-settled transactions is measured initially at fair value at the grant date. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognized in employee benefits expense.

Modification of plan:

The right for cash settlement of option is removed with effect from April 01, 2019 resulting into modification in plan from Cash settled to Equity settled transaction. The modification is accounted as per below principals:

- The equity-settled share-based payment transaction is measured by reference to the fair value of the equity instruments granted at the modification date i.e. April 01, 2019.
- The liability for the cash-settled share-based payment transaction as at the modification date is derecognized on that date.

- The difference between the carrying amount of the liability derecognized and the amount of equity recognized on the modification date is recognized immediately in the statement of profit and loss.

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 recognized, 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 recognized 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 recognized as at the beginning and end of that period and is recognized 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 recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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

n. Taxation

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

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 recognized outside the statement of profit and loss is recognized outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 utilized, 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 recognized 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 utilized.

'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 utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

'Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, 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 recognized outside profit and loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized 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 recognized subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognized 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 recognized in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realized are recognized 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 realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Minimum Alternate Tax (MAT)

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

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

o. Treasury shares

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

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity share capital. No gain or loss is recognized in profit and loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in ESOP liability / securities premium. Share options exercised during the reporting period are satisfied with treasury shares.

p. Provisions and Contingent Liabilities

Provisions

Provisions are recognized 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 recognized 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 recognized 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 recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses it in the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

q. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Group has identified three reportable segments based on the dominant source, nature of risks and return and the internal organization 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 41 for segment information.

r. Earnings/(Loss) per share

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

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

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

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

s. Non-current assets held for sale and discontinued operations

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

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

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

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

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

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

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

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

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

Additional disclosures are provided in note 44.

t. Critical estimates and judgements

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

Significant estimates

(a) Defined benefit plans

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

The parameter most subject to change is the discount rate. The mortality rate is based on publicly available mortality table in India. The mortality tables tend to change only at interval in response to demographic changes. Further salary increases and gratuity increases are based on expected future inflation rates. Further details about the gratuity obligations are given in Note 33.

(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) Impact of pandemic

The outbreak of Coronavirus (COVID-19) has been declared as a pandemic by the World Health Organization has significantly impacted life and businesses around the globe. Governments across the world including India have taken drastic measures to contain the outbreak and has implemented a nation-wide lockdown.

The Group is engaged in the business of providing IT services including digital solutions, around product engineering, cloud, analytics, automation, infrastructure management, security, automated testing, etc. to enterprises across the world. The Group's customers are spread across geographies including the US, Europe, Asia and India.

The Group has carried out an assessment of recoverability of its assets, by considering internal and external information up to the date of approval of these financial statements. Substantial portion of its revenues are earned from offshore business being delivered from India; there is adequate working capital, customer demand and cost control measures have been undertaken by the Group. Accordingly, the impact of pandemic on the Group's business stands fairly mitigated.

The impact of this pandemic may be different from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes future economic conditions and continually assesses its impact including taking appropriate steps to mitigate the same.

Critical judgements

(a) Deferred taxes

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all the deductible temporary differences, carry forward of unused tax credits and unused tax losses, however the same is restricted to the extent of the deferred tax liabilities unless it is probable that sufficient taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. In the absence of reasonable certainty over recoverability of deferred taxes on carry forward losses no deferred tax assets have been recognized up to March 31, 2020.

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED						
Notes to the Consolidated Financial Statements for the year ended March 31, 2020 (All amounts in INR lakhs, unless otherwise stated)						
3. Property, plant and equipment						
	Computer Systems	Office equipment	Furniture and fixtures	Leasehold improvements	Total	Capital work-in-progress (CWIP)
Gross carrying amount						
Deemed cost						
As at April 01, 2018	145	95	20	4	264	14
Additions	49	4	1	25	79	-
Transfers from CWIP	-	-	-	14	14	-14
Disposals	-	-	-	-	-	-
As at March 31, 2019	194	99	21	43	357	-
Additions	23	17	3	3	46	-
Transfers from CWIP	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
As at March 31, 2020	217	116	24	46	403	-
Accumulated Depreciation						

As at April 01, 2018	-	-	-	-	-	-
Charge for the year	80	41	9	13	143	-
Disposals	-	-	-	-	-	-
As at March 31, 2019	80	41	9	13	143	-
Charge for the year	108	37	7	15	167	-
Disposals	-	-	-	-	-	-
As at March 31, 2020	188	78	16	28	310	-
Net book value						
As at April 01, 2018	145	95	20	4	264	14
As at March 31, 2019	114	58	12	30	214	-
As at March 31, 2020	29	38	8	18	93	-

4. Intangible Assets							
	Goodwill (Note 1)	Other intangible assets*					Intangibles assets under development
		Trademark	Customer relationships	Non-compete	Computer software	Total	
Gross carrying amount							
Deemed cost							
As at April 01, 2018	2,961	29	545	39	180	3,754	-
Additions	-	-	-	-	7	7	17
Exchange difference	29	3	32	3	-	67	-
As at March 31, 2019	2,990	32	577	42	187	3,828	17
Additions	-	-	-	-	67	67	-
As at March 31, 2020	2,990	32	577	42	254	3,895	17
Accumulated amortisation							
Charge for the year	-	31	460	35	106	632	-
Exchange difference	(4)	0.65	8	1	-	6	-
Impairment charge	1,258	-	-	-	-	1,258	-
As at March 31, 2019	1,254	32	468	36	106	1,896	-
Charge for the year	-	-	106	5	80	191	-
Impairment charge	1,126	-	-	-	-	1,126	-
As at March 31, 2020	2,380	32	574	41	186	3,213	-
Net book value							
As at April 01, 2018	2,961	29	545	39	180	3,754	-
As at March 31, 2019	1,736	-	109	6	81	1,932	17
As at March 31, 2020	610	-	3	1	68	682	17

*The Group has restated its business combination from April 01, 2017 resulting into restatements of Goodwill, customer relationships and non-compete (refer note 43). For all other intangible assets, the Group has elected to continue with the carrying value for all of its Intangible assets recognized as of April 01, 2018 (date of transition to Ind AS) measured as per the previous GAAP and use that carrying value as its deemed cost as at the date of transition.

Note 1:

The Goodwill of INR 1,887 lakhs relates to Business acquisition from OSS Cube Solutions Limited, INR 463 lakhs relates to Business acquisition of OSS cube LLC and INR 611 lakhs relates to the business acquisition from Cupola Technology Private Limited. The Group have allocated the goodwill to these identified Cash Generating Units (CGU's). The Group tests whether goodwill has suffered any impairment on an annual basis. From the current and previous financial year, the recoverable amount of the CGU was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

The following table sets out the key assumption for these Cash Generating Unit's (CGU's) that have significant allocated to them:

	OSSCube		Cupola	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	16.64%	16.78%	16.64%	17.66%
Long term growth rate	2.00%	2.00%	4.00%	4.00%
Sales growth	5%	20.00%	10%	15.00%
<p>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).</p> <p>The Group have recognized the goodwill impairment of INR 1,126 lakhs (FY 2018-19: INR 1,258 lakhs) relating to OSS Cube business during the year 2018-19. If the discount rate would have been higher by 1%, the Group would have had to recognize an additional impairment against the carrying amount of Goodwill of INR Nil (FY 2018-19: INR 103 lakhs).</p> <p>There is no impairment noted in the Cupola Cash Generating Unit (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 Cupola CGU lower than the carrying amount of CGU.</p>				
5. Right-of-use assets				
	Computer systems	Buildings	Motor vehicles	Total
As at April 01, 2018	329	4,994	161	5,484
Additions	255	-	-	255
Deletions	-	(58)	(13)	(71)
Depreciation	(284)	(1,351)	(68)	(1,703)
As at March 31, 2019	300	3,585	80	3,965
Additions	663	43	-	706
Deletions	-	-	-	-
Depreciation	(291)	(1,324)	(50)	(1,665)
As at March 31, 2020	672	2,304	30	3,006
<p>Non-cash investing and financing activities disclosed in other notes are:</p> <p>(i) Acquisition of right-of-use assets - Amounts recognized in the balance sheet - Right-of-use assets - refer note 5</p> <p>(ii) Acquisition of right-of-use assets - Amounts recognized in the balance sheet - Lease liabilities - refer note 18</p>				

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED			
Notes to the Consolidated Financial Statements for the year ended March 31, 2020			
(All amounts in INR lakhs, unless otherwise stated)			
6. Loans			
Carried at amortized cost	March 31, 2020	March 31, 2019	April 01, 2018
Non-current			
Loans considered Good - Unsecured			
Security deposit	767	618	585
Loans - credit impaired			
Security deposit	-	2	-
	767	620	585
Less: Allowance for credit impaired loans	-	(2)	-
	767	618	585
Current			
Loans considered Good - Unsecured			
Loan to employees	64	41	34
Security deposit	36	36	239
Loans - credit impaired			
Security deposit	511	469	479

	611	546	752
Less: Allowance for credit impaired loans	(511)	(469)	(479)
	100	77	273
7. Other financial assets			
(a) Other financial assets carried at amortised cost	March 31, 2020	March 31, 2019	April 01, 2018
(unsecured, considered good, unless otherwise stated)			
Non-current			
Fixed deposit with maturity of more than 12 months	183	17	33
Margin money deposits - refer note (i) below	185	216	152
Net Investment in Sublease of ROU Asset	-	6	-
	368	239	185
(i) Margin money deposit is used to secure:			
Term loan - RBL bank	135	135	135
Guarantees given	50	81	17
Current			
Fixed deposit with maturity of more than 12 months	10,185	1,351	38
Margin money deposits - refer note (i) below	4,422	3,622	27
Acquisition related receivables	-	-	165
Interest accrued on fixed deposit	71	55	4
Unbilled revenue	4,471	1,730	824
Other receivables	2	23	16
Net Investment in Sublease of ROU Asset	7	71	-
	19,158	6,852	1,074
Unbilled revenue - credit impaired	91	35	17
Less: Allowance for credit impaired loans	(91)	(35)	(17)
	19,158	6,852	1,074
(i) Margin money deposit is used to secure:			
Working capital facility and bank overdrafts	3,600	3,600	-
MTM shortfall	40	-	-
Guarantees given	782	22	27
The table below provides details regarding the contractual maturities of lease receivables for the year ended March 31, 2019 and March 31, 2020 and reconciliation of undiscounted lease receivables to Net investment.			
	March 31, 2020	March 31, 2019	
Within one year	7	74	
Within 1 to 2 year	-	6	
Within 2 year and above	-	-	
Total undiscounted payments receivables (A)	7	80	
Unearned finance income (B)	-	3	
Net investment (A-B)	7	77	
(b) Derivative instruments carried at fair value through OCI	March 31, 2020	March 31, 2019	April 01, 2018
Cash flow hedges			
Foreign currency forward contracts	5	224	67
Interest rate Swaps	14	15	-
Fixed deposit with maturity of more than 12 months	19	239	67
Total current financial assets	19,177	7,091	1,141

8. Income tax assets (net)				
	March 31, 2020	March 31, 2019	April 01, 2018	
Non - current				
Income tax assets (net)	1,335	920	584	
	1,335	920	584	
9. Other assets				
Unsecured, considered good, unless otherwise stated				
	March 31, 2020	March 31, 2019	April 01, 2018	
Non - current				
Prepaid expenses	33	13	5	
Balances with statutory / government authorities	-	35	35	
	33	48	40	
Current				
Prepaid expenses	574	500	505	
Balances with statutory / government authorities	254	207	500	
Advance to Employees against expenses	43	106	67	
Advance to suppliers	189	49	352	
	1,060	862	1,424	
10. Deferred tax assets (net)				
The Group has a net deferred tax assets with respect to certain timing differences. These have not been recognized as the recognition criteria have not been met in accordance with the accounting policy followed by the Group.				
The Group has not recognized the net deferred tax asset on the accumulated losses as there is no reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.				
	March 31, 2020	March 31, 2019	April 01, 2018	
Deferred tax assets (net)	-	-	(123)	
	-	-	(123)	
Reconciliation of deferred tax liabilities (net):				
	Amortisation of intangibles	Fair valuation of financial instrument	Fair valuation of financial instruments and others	Total
April 01, 2018	(369)	(36)	282	(123)
Tax (income)/expense during the period recognized in the statement of profit and loss	252	(276)	147	123
March 31, 2019	(117)	(312)	429	-
Tax (income)/expense during the period recognized in the statement of profit and loss	95	268	(363)	-
March 31, 2020	(22)	(44)	66	-
Amounts on which Deferred tax asset has not been recorded as at year end:				
Depreciation on Property, Plant and Equipment.	106	-	-	-
Impairment of goodwill	568	-	-	-
Provision for compensated absence and gratuity	1,786	364	-	780
Provision for bonus	-25	505	-	75
Impairment loss allowance on trade receivables	2,795	2,065	-	1,477
Impairment loss allowance on unbilled revenue	91	35	-	17
Impairment loss allowance on loans	511	471	-	479
Lease liabilities and right-of-use assets	538	499	-	286
Fair valuation of security deposit	133	-	-	-
Fair valuation of derivative instrument	730	-	-	-
Carry forward business loss and unabsorbed depreciation*	5,309	14,244	-	16,319
	12,542	18,183	-	19,433
*Tax loss and unabsorbed depreciation carry-forward for which no deferred tax assets were recorded with expiry date				
	March 31, 2020	March 31, 2019	April 01, 2018	
Expiry within 1 to 5 years	3,754	11,867	-	14,444
Expiry within 6 to 8 years	1,555	1,510	-	775

Unlimited	-	867	1,100
	5,309	14,244	16,319
Amounts on of Deferred tax asset has not been recorded as at year end:	March 31, 2020	March 31, 2019	April 01, 2018
Tax rate	25.17%	30.90%	30.90%
Deferred tax asset has not been recorded as at year end	3,157	5,619	6,005

11. Investments

Carried at fair value through statement of profit and loss

	March 31, 2020	March 31, 2019	April 01, 2018	March 31, 2020	March 31, 2019	April 01, 2018
Current						
Birla SunLife - Short term fund - Growth	-	8	20	-	589	1,351
Birla SunLife - Floating rate fund short term plan - Growth	-	4	4	-	1,087	1,002
DHFL Pramerica - Short maturity fund - Growth	-	-	21	-	-	661
Franklin Templeton - TMA Super IP - Growth	*	*	*	269	252	1,180
HDFC - Banking & PSU Debt fund - Growth	-	95	95	-	1,450	1,350
HDFC - Corporate debt opportunities fund - Growth	-	50	70	-	762	1,014
ICICI Prudential - Flexi income plan - Growth	-	-	3	-	-	1,001
ICICI Prudential - short term - Growth #	9	9	9	372	341	320
ICICI Prudential - short term fund - Growth	20	-	-	913	-	-
ICICI Prudential - Regular Savings Fund - Growth	-	16	16	-	321	300
ICICI Prudential - Savings Fund - Growth	11	-	-	4,227	-	-
Kotak - Low Duration fund - Growth	-	*	*	-	1,086	1,000
Kotak - Medium term fund - Growth	-	41	41	-	664	622
Kotak - Banking & PSU Debt fund - Growth	19	-	-	915	-	-
L&T - Income opportunities fund - Growth ##	-	102	102	-	2,160	2,038
L&T - Banking & PSU Debt fund - Growth	91	-	-	1,641	-	-
L&T - Short term income fund - Growth	-	54	54	-	1,103	1,023
				8,337	9,815	13,862

Note:

9 units of mutual funds of ICICI prudential mutual fund (March 31, 2019 - 9 lakhs units, April 01, 2018 - 9 lakhs units) is pledged with RBL Bank as security towards credit facilities availed by the Group.

Nil units of mutual fund units of L&T - Income opportunities fund - Growth (March 31, 2019 - 16 lakhs units, April 01, 2018 - 16 lakhs units) pledged with Kotak Mahindra Bank as security towards credit facilities availed by the Group.

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

Aggregate book value of quoted investments				8,337	9,815	13,862
Aggregate market value of quoted investments				8,337	9,815	13,862
Aggregate value of unquoted investments				-	-	-
Aggregate amount of impairment in value of investments				-	-	-

12. Trade receivables

Carried at amortized cost	March 31, 2020	March 31, 2019	April 01, 2018
Current			
Trade receivables - others	11,487	12,927	9,437
Total trade receivables	11,487	12,927	9,437
Break-up for security details			
Secured, considered good	-	-	-

Unsecured, considered good	12,772	13,837	10,882
Trade receivables which have significant increase in credit risk	-	-	-
Trade receivables - credit impaired	1,510	1,155	32
	14,282	14,992	10,914
Impairment allowance			
Secured, considered good	-	-	-
Unsecured, considered good	(1,285)	(910)	(1,445)
Trade receivables which have significant increase in credit risk	-	-	-
Trade receivables - credit impaired	(1,510)	(1,155)	(32)
Trade receivables net of impairment	11,487	12,927	9,437

- (i) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- (ii) Trade receivables are non-interest bearing and are generally on terms of 10 to 100 days.

13. Cash and cash equivalents			
	March 31, 2020	March 31, 2019	April 01, 2018
Balances with banks:			
- in current accounts	1,431	2,452	1,292
- in EEFC accounts	1,922	175	360
Deposits with original maturity of less than three months	1,000	-	-
	4,353	2,627	1,652

14. Share Capital			
Equity share capital			
i) Authorized share capital	Numbers	Amount	
Equity share capital of INR 2 each			
As at April 01, 2018	50,000,000	1000	
Increase during the year	-	-	
As at March 31, 2019	50,000,000	1000	
Increase during the year	-	-	
As at March 31, 2020	50,000,000	1000	

On April 29, 2020, the Board of Directors of the Company increased the authorized share capital of the Company to Rs. 458.6 million divided into 229,300,000 equity shares of INR.2 each.

ii) Issued, subscribed, and fully paid up Equity share capital	Numbers	Amount	
Equity share capital of INR 2 each, fully paid up			
As at April 01, 2018	18,755,367	375	
Issued during the year	-	-	
Issue of shares by trust - refer note (i) below	751,831	15	
Change on account of modification of ESOP - refer note (ii) below	10,326,054	207	
As at March 31, 2019	29,833,252	597	
Issued during the year - refer note (iii) below	12,225,000	245	
Issue of shares by trust - refer note (iv) below	1,840,925	37	
As at March 31, 2020	43,899,177	879	

(i) During the year ended March 31, 2019 Employee Benefit Trust (EBT) has issued 751,831 equity shares to the employee on exercise of Option Plan (ESOP).

(ii) As per Employee share option plan (ESOP) in case of resignation of the employee, the employee is mandatorily required to surrender exercised pursuant to ESOP to the Company. The Company in its Board meeting held in January 2019, passed a resolution modifying with effect from March 31, 2019. Pursuant to modification in ESOP the employees who have completed vesting condition are allowed to acquired pursuant to ESOP.

(iii) During the year ended March 31, 2020, a Series A 14% Non-Cumulative compulsorily convertible preference (CCPS) shares holder has converted its CCPS into equity at a ratio of 1:163.						
(iv) During the year ended March 31, 2020 Employee Benefit Trust (EBT) has issued 1,840,925 equity shares to the employee on exercise of stock option plan.						
(iii) Terms/ rights attached to equity shares						
The Company has a single class of equity share of par value INR 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. The preferential amount is the actual amount invested by shareholders who hold Series A 14% Non-Cumulative compulsorily convertible preference shares.						
(iv) Details of shareholders holding more than 5% shares in the Company: -						
	March 31, 2020		March 31, 2019		April 1, 2018	
	No of Shares	Holding percentage	No of Shares	Holding percentage	No of Shares	Holding percentage
Equity shares of INR 2 each fully paid						
Mr. Ashok Soota (Promoter)	27768017	63.25%	15192854	50.93%	12380339	66.01%
Mr. Vikram Gulati	-	-	-	-	2812515	15.00%
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.						

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED		
Notes to the Consolidated Financial Statements for the year ended March 31, 2020 (All amounts in INR lakhs, unless otherwise stated)		
15. Instrument entirely in the nature of equity		
i) Authorized share capital		
	Numbers	Amount
Series A 14% Non-Cumulative Compulsorily Convertible Preference Shares (CCPS) of INR 652 each		
As at April 01, 2018	750,000	4,890
Increase during the year	-	-
As at March 31, 2019	750,000	4,890
Increase during the year	-	-
As at March 31, 2020	750,000	4,890
On April 29, 2020, the Board of Directors of the Company reduced the authorized share capital of the Company to Rs. 130.4 million divided into 200,000 preference shares of INR.652 each.		
ii) Issued, subscribed, and fully paid up Non-cumulative compulsorily convertible preference share capital		
	Numbers	Amount
Series A 14% Non-Cumulative Compulsorily Convertible Preference Shares (CCPS) of INR 652 each		
As at April 01, 2018	341,885	2,229
Increase during the year - refer note (a) below	188	1
As at March 31, 2019	342,073	2,230
Increase on account of modification of CCPS - refer note 15 (iii) (b) & 15 (iii) (c)	290,272	1,893
Conversion into equity shares during the year - refer note 14 (ii) (iii)	(75,000)	(489)
As at March 31, 2020	557,345	3,634

(a) The Company had allotted 188 14% Non-Cumulative Compulsorily Convertible Preference Share Capital (CCPS) of face value INR 652/- each, at a premium of INR 10,758/- during the previous year for cash pursuant to board resolution dated April 25, 2018.

iii) Terms/ rights attached to convertible preference shares

- (a) Each holder of Series A 14% Non-Cumulative Compulsorily Convertible Preference Shares (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. Holders of preferential shares shall receive preferential dividend in preference to dividend payable on equity shares and shall not participate in any further dividends declared on Equity Shares. Preference shareholders are also entitled to vote in the shareholders meeting.

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

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

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

- 1- On Expiry of the conversion period.
- 2- Later of (a) Date of filing Red herring prospectus with SEBI (b) Such other date as may be permitted by law in connection with Qualified IPO.
- 3- Upon the holders of a majority of the investor's shares exercising the conversion right with respect to preference shares held by them

The investors (other than promoters) have an exit option including the buyback by the Company, if the Company's securities are not listed on any stock exchange pursuant to successful Qualified IPO undertaken by the Company. Considering the investors have cash settlement alternatives which is not under the control of the Company, hence the CCPS held by the investors have been classified as liability (Refer Note 22). The CCPS held by other than investors are classified as equity.

- (b) On July 1, 2019, Intel Capital Corporation ('Intel') has entered into a share purchase agreement with Mr. Ashok Soota, pursuant to which Intel has sold 123,099 compulsorily convertible preference shares (CCPS) to Mr. Ashok Soota, Upon such transfer, the existing Cumulative compulsorily convertible preference shares (CCPS) classified as liability is now treated as instruments entirely in the nature of equity

- (c) On March 25, 2020, CMDDB II has waived its right for exit option including the buyback for 167,173 Compulsorily Convertible Preference Shares (CCPS). Upon waiver of rights, the existing CCPS classified as liability is treated as instrument entirely in nature of equity. These CCPS on date of modification is accounted at fair value. There is no gain/loss on derecognition of liability.

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

	March 31, 2020		March 31, 2019		April 1, 2018	
	No of Shares	Holding percentage	No of Shares	Holding percentage	No of Shares	Holding percentage
Series A 14% Non-Cumulative Compulsorily Convertible Preference Shares						
Mr. Ashok Soota (Promoter)	359,601	64.52%	325,761	95.23%	325,761	95.28%
CMDDB II	167,173	29.99%	-	-	-	-

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

* Excludes CCPS held investors classified as liabilities

c) Treasury shares

	No of shares
As at April 1, 2018	8,083,394
As at March 31, 2019	7,331,563
As at March 31, 2020	5,490,638

(i) For terms/ rights attached to treasury shares refer note 14 (iii) above

16. Other equity			
	March 31, 2020	March 31, 2019	April 01, 2018
Securities premium account	27,781	18,602	16,518
Retained earnings	(5,597)	(28,633)	(30,009)
Cash flow hedge reserve	(730)	237	(15)
Foreign currency translation reserve	110	122	14
Share options outstanding reserve	454	240	-
	22,018	(9,432)	(13,492)

	March 31, 2020	March 31, 2019
a) Securities premium account		
Opening balance	18,602	16,518
Increase during the year	245	20
Change on account of modification of preference shares	24,481	-
Issue of shares by trust	405	-
Transfer from ESOP liability on account of modification of ESOP	-	2,064
Reduction of capital - refer note (i) below	(15,952)	-
Closing balance	27,781	18,602
b) Retained earnings		
Opening balance	(28,633)	(30,009)
Profit/ (loss) for the year	7,171	1,421
Other comprehensive income recognized directly in retained earnings	(139)	(45)
Reduction of capital - refer note (i) below	15,952	-
Transferred from share option outstanding reserve for vested options forfeited	52	-
Closing balance	(5,597)	(28,633)
c) Cash flow hedge reserve		
Opening balance	237	(15)
Net movement on effective portion of cash flow hedges -refer note 35	(967)	252
Closing balance	(730)	237
d) Foreign currency translation reserve		
Opening balance	122	14
Additions during the period	(12)	108
Closing balance	110	122
e) Share options outstanding reserve		
Opening balance	240	-
Transfer from ESOP liability on account of modification of ESOP - refer note 14 (ii)	-	240
Fair value impact on account of modification in ESOP	-	-
Employee compensation expense for the year	266	-
Transferred to retained earnings for vested options forfeited	(52)	-
Closing balance	454	240

Note

(i) Capital reduction

The Parent Company had filed for capital reduction through National Company Law Tribunal ("NCLT") and received an order on November 5, 2019 for writing off the accumulated losses of the Parent Company being the debit balance of profit and loss account as appearing in the Standalone Financial Statement of the Parent Company as at March 31, 2018 prepared under previous GAAP (Indian GAAP) with securities premium. The

accumulated losses of the Parent Company as at March 31, 2018 is INR 17,233 lakhs and during the year ended March 31, 2019 the Parent Company has earned a profit of INR 1,281 lakhs under Indian GAAP and the accumulated balance in profit and loss account as at March 31, 2019 was INR 15,952 lakhs. This balance has been written off in the current year.

- a) **Securities premium account:** Securities premium account has been created consequent to issue of shares at premium. The reserve can be utilized in accordance with the provisions of the Companies Act 2013.
- b) **Retained earnings:** Retained earnings comprises of prior and current year's undistributed earnings/accumulated losses after tax.
- c) **Cash flow hedge reserve:** The Group uses foreign currency forward contracts to hedge the highly probable forecasted transaction and interest rate swaps to hedge the interest rate risk associated with foreign currency term loan. The effective portion of fair value gain/loss of the hedge instrument is recognized in the cash flow hedge reserve. Amounts recognized in the cash flow hedge reserve is reclassified to the statement of profit and loss when the hedged item affects profit or loss.
- d) **Foreign currency translation reserve:** Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to statement of profit and loss when the net investment is disposed-off.
- e) **Share options outstanding reserve:** The share options-based payment reserve is used to recognize the grant date fair value of options issued to employees under Employee stock option plan.

17. Borrowings

Carried at amortized cost

	March 31, 2020	March 31, 2019	April 01, 2018
Non-current			
Secured			
Foreign currency term loan from bank - refer note (i) below	927	1,579	2,168
	927	1,579	2,168
			-
Less: Current maturity of term loans	(795)	(729)	(685)
Total non-current borrowings	132	850	1,483
Current			
Secured			
Loans repayable on demand from banks			
Foreign currency loan (PCFC) - refer note (ii) below	6,916	5,012	6,854
Bank overdraft - refer note (iii) below	-	1,000	1
Total current borrowings	6,916	6,012	6,855

Notes

- (i) Foreign currency term loan carries a floating interest rate of 6m Libor + 3.1%. The loan is repayable in 45 equal monthly instalments from the date of its origination, viz., May 26, 2017, with a moratorium of 3 months. The loan is secured by charge on movable assets and also by lien on fixed deposit equivalent to two months instalments. Further, floating interest on loan has been hedged through USD interest rate swap resulting in a fixed interest rate of 6.5% p.a.
- (ii) (i) PCFC loan taken from Kotak Mahindra carries an interest rate ranging 4.20 % to 5.74 % p.a. (March 31, 2019 - 4.7% to 5.81% p.a) and is repayable on demand.
PCFC loan taken from RBL carries an interest rate ranging 3.98% to 5.68% p.a. (March 31, 2019 - 4.58% to 5.68% p.a.) and is repayable on demand.
- (iii) Bank overdraft is taken from Kotak Mahindra bank at 9.3% p.a and RBL at 8.85% p.a and is repayable on demand.
- (iv) Short-term borrowings are fully secured by the way of mutual funds to the extent of INR 300 lakhs (March 31, 2019 - INR 603 lakhs) (refer note 11) and remaining by the way of current assets of the parent company (refer note 7).

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

	Series A 14% Non-Cumulative compulsorily convertible preference shares	Non-current borrowings	Current borrowings*
As at March 31, 2018	25,852	2,168	6,855
Financing cash flows (net)	-	(747)	(1,379)
Noncash movements:			
Fair value changes and others	469	10	-
Foreign exchange difference	-	148	536
As at March 31, 2019	26,321	1,579	6,012
Financing cash flows (net)	-	(755)	430
Noncash movements:			
Fair value changes and others	52	10	-
Foreign exchange difference	-	94	474
Reclassified to equity on account of modification - refer note 15 (iii) (b) & 15 (iii) (c)	(26,373)	-	-
As at March 31, 2020	-	928	6,916

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

18. Lease liabilities

Carried at amortized cost

	March 31, 2020	March 31, 2019	April 1, 2018
Non-current			
Lease liabilities	3,547	4,546	5,770
	3,547	4,546	5,770
Less: Current maturity of lease liabilities	(1,816)	(1,582)	(1,456)
Total non-current Lease liabilities	1,731	2,964	4,314
Current			
Lease liabilities	1,816	1,582	1,456
	1,816	1,582	1,456

The effect of adoption of Ind AS 116 is as follows;

A. Impact on balance sheet (increase/(decrease))	March 31, 2020	March 31, 2019
Assets		
Right to use assets - Also refer note 5	3,006	3,965
Net Investment in Sublease of ROU Asset	7	71
Equity		
Retained earnings - Also refer note 45	-	(393)
Liability		
Lease liabilities - refer note (i) below	3,547	4,546
B. Impact on Statement of profit and loss (increase/(decrease))		
Depreciation and amortisation	1,665	1,703
Finance cost	414	549
Other income - Finance income	(71)	(64)
Other income - Gain on sub-letting the premises	-	(43)

	2,008	2,145
C. Impact on Statement of cash flow(increase/(decrease))		
Operating lease payments	2,124	2,036
Net cashflow from operating activities	2,124	2,036
Payment of principal portion of lease liabilities	(1,710)	(1,487)
Payment of interest portion of lease liabilities	(414)	(549)
	(2,124)	(2,036)

(i) Movement in lease liabilities for year ended March 31, 2019 and March 31, 2020:

	March 31, 2020	March 31, 2019
Balance at beginning of the year	4,546	5,770
Additions	706	255
Finance cost incurred during the period - refer note 28	414	549
Payment of lease liabilities	(2,124)	(2,035)
Exchange difference	5	7
Balance at the end of the year	3,547	4,546

(iii) The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2019 and March 31, 2020

	March 31, 2020	March 31, 2019
Less than one year	2,097	1,989
One to five years	1,898	3,304
More than five years	-	-

(iv) The Group had total cash outflows for leases of INR 2,424 Lakhs in March 31, 2020 (INR 2,366 Lakhs in March 31, 2019). The Group has not made any non-cash additions to right-of-use assets and lease liabilities.

19. Provisions

	March 31, 2020	March 31, 2019	April 1, 2018
Non-current			
Provision for gratuity - refer note 33	1,255	940	812
	1,255	940	812
Current			
Provision for gratuity - refer note 33	240	220	120
Provision for compensated absence	941	771	693
Other provisions			
Provision for warranty	65	7	7
	1,246	998	820

Movement during the year - Provision for warranty

	Amount
Balance as at April 01, 2018	7
Arising during the year	-
Utilised during the year	-
Balance as at March 31, 2019	7
Arising during the year	60
Utilised during the year	(2)
Balance as at March 31, 2020	65

20. Contract liabilities

	March 31, 2020	March 31, 2019	April 1, 2018
Current			
Unearned revenue - refer note (i) below	818	1,067	547
	818	1,067	547

(i) The Group have rendered the service and have recognized the revenue of INR 1,067 lakhs (March 31, 2019: INR 547 lakhs) during the year from the unearned revenue balance at the beginning of the year. It expects similarly to recognize revenue in year 2020-21 from the closing balance of unearned revenue as at March 31, 2020.

21. Trade payables

Carried at amortized cost

	March 31, 2020	March 31, 2019	April 1, 2018
Total outstanding dues of micro enterprises and small enterprises - refer note (iii) below	12	40	38
Total outstanding dues of creditors other than micro enterprises and small enterprises	3,430	2,838	2,460
	3,442	2,878	2,498

Terms and conditions of above trade payables:

(i) Trade payables are non-interest bearing and are normally settled on 15 to 30 days terms.

(ii) For explanation of Group's credit risk management - refer note 35

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

Particular	March 31, 2020	March 31, 2019	April 1, 2018
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	12	39	37
Interest due on the above	-	1	1
(i) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
(ii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-	-
(iii) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	1	1
(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	-	-	-

The above disclosures are provided by the Group based on the information available with the Group in respect of the registration status of its vendors/ suppliers

22. Other financial liabilities

	March 31, 2020	March 31, 2019	April 1, 2018
Current			
Carried at amortized cost			
Current maturity of term loan - refer note 17	795	729	685
Employee related liabilities	4,853	2,877	1,289
	5,648	3,606	1,974
Carried at fair value through Other Comprehensive Income			
Cash flow hedges			
Foreign currency forward contracts	749	2	50

Interest rate Swaps	-	-	32
Total financial liabilities at fair value through Other Comprehensive Income	749	2	82
Carries at fair value through profit or loss			
Employee Stock Option Liability- refer note 42	-	-	2,100
'Series A 14% Non-Cumulative compulsorily convertible preference shares - refer note (i) below	-	26,322	25,852
Total financial liabilities at fair value through profit or loss	-	26,322	27,952
Total other financial liabilities	6,397	29,930	30,008

Note

(i) As at April 1, 2018 and March 31, 2019, the Parent Company have issued 290,272 Series A 14% Non-Cumulative Preference Shares (CCPS) which are held by the investors (i.e. other than the promoters). If declared by the Board, each holder of the CCPS, shall be entitled to receive a preferential non-cumulative dividend at the rate of 14% per annum. Refer note 15 (iii) (b) for detail terms and conditions of CCPS. As per the agreement, the Parent Company is required to conduct the successful Qualified IPO within 7 years from the first closing date, the failure of which will provide the investor the right to require the Parent Company to buy back the shares held by them at fair value. A successful Qualified IPO is not in the control of the Parent Company, hence it does not have a unconditional right to defer the settlement of preference shares beyond 7 year. The instrument is a hybrid instrument and have a embedded derivative in the form of settlement option and host non-derivative liability. The Parent Company has designated the entire instrument as fair value through profit and loss.

(ii) Pursuant to Shares Purchase Agreement dated July 1st, 2019, Mr. Ashok Soota purchased 123,099 14% Non-Cumulative compulsorily convertible preference shares (CCPS) from Intel Capital Corporation, a Delaware company. As a result of this, financial liability pertaining to CCPS of INR 11,162 lakhs have been classified as Preference share capital amounting to INR 802 lakhs and Security premium of INR 10,360 lakhs

(iii) Pursuant waiver cum amendment agreement dated March 25, 2020 to the shareholders agreement dated October 20, 2011, CMDDB II has waived off the Buyback right associated with 14% Non-Cumulative compulsorily convertible preference shares (CCPS) of 167,133 held by them. As a result of this, financial liability pertaining to CCPS of INR 15,211 lakhs, have been classified as preference share capital amounting to INR 1,090 lakhs and Security premium of INR 14,121 lakhs, after adjusting for FY20 fair market value of INR 52 lakhs.

23. Other Financial Liabilities

	March 31, 2020	March 31, 2019	April 1, 2018
Current			
Statutory dues payable	506	687	649
Other payables	25	49	22
	531	736	671

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Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

24. Revenue from contracts with customers

	For the year ended	
	March 31, 2020	March 31, 2019
Sale of service	69,760	58,883
Sale of licenses	61	153
	69,821	59,036

Disaggregated revenue information

	March 31, 2020			
Segment	Infrastructure Management & Security Services	Digital Business Solutions	Product Engineering Services	Total
Revenue from Infrastructure Management & Security Services	15,361	-	-	15,361

Revenue from Digital Business Solutions	-	19,167	-	19,167
Revenue from Product Engineering Services	-	-	35,293	35,293
Total revenue from contracts with customers	15,361	19,167	35,293	69,821

March 31, 2019				
Segment	Infrastructure Management & Security Services	Digital Business Solutions	Product Engineering Services	Total
Revenue from Infrastructure Management & Security Services	12,943	-	-	12,943
Revenue from Digital Business Solutions	-	18,090	-	18,090
Revenue from Product Engineering Services	-	-	28,003	28,003
Total revenue from contracts with customers	12,943	18,090	28,003	59,036

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

March 31, 2020				
	Infrastructure Management & Security Services	Digital Business Solutions	Product Engineering Services	Total
External Customer	15,362	19,196	35,352	69,910
Less: Cash Discount	(1)	(29)	(59)	(89)
Total revenue from contracts with customers	15,361	19,167	35,293	69,821

March 31, 2019				
	Infrastructure Management & Security Services	Digital Business Solutions	Product Engineering Services	Total
External Customer	12,943	18,103	28,027	59,073
Less: Cash Discount	-	(13)	(24)	(37)
Total revenue from contracts with customers	12,943	18,090	28,003	59,036

### Contract balances			
	March 31, 2020	March 31, 2019	April 1, 2018
Trade receivables	11,487	12,927	9,437
Contract assets	4,471	1,730	824
Contract liability	818	1,067	547

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

	March 31, 2020	March 31, 2019
Revenue as per contract price	69,910	59,073
Discount	(89)	(37)
Revenue from contract with customers	69,821	59,036

The Company has applied practical expedient as given in Ind AS 115 for not disclosing the remaining performance obligation for contracts that have original expected duration of one year or lesser. The Company have fixed price contracts for a period of more than one year, the remaining performance obligation for these contracts is INR. 1,0295 lakhs (March 31, 2019: INR.3,958 lakhs). The revenue for remaining performance obligation is expected to be recognized over period of 1-4 years (March 31, 2019: 1-2 years, March 31, 2018).

25. Other Income

	March 31, 2020	March 31, 2019
Interest income on:		
Deposits with bank	369	225
Income tax refund	26	-
Financial instrument measured at amortized cost	71	64
Others	-	7
	466	296
Fair value gain on investment measured at FVTPL	121	659
Gain on sale of investments measured at FVTPL	455	113
Exchange gain	518	-
Gain on Sub-Leasing the premises	-	43
Miscellaneous income	42	34
	1,136	849
	1,602	1,145

26. Employee benefits expense

	March 31, 2020	March 31, 2019
Salaries, wages, and bonus	41,089	35,444
Contribution to provident fund	1,905	1,707
Employee stock compensation expense	266	603
Gratuity expense - refer note 33	317	303
Compensated absences	382	293
Staff welfare expenses	164	155
	44,123	38,505

27. Depreciation and amortization expense

	March 31, 2020	March 31, 2019
Depreciation of property, plant, and equipment	167	143
Amortization of intangible assets	191	632
Depreciation of right-of-use assets	1,665	1,703
Gratuity expense - refer note 33	2,023	2,478

28. Finance costs

	March 31, 2020	March 31, 2019
Interest expense on:		
Borrowings	336	576
Lease liabilities	414	549
Fair value loss on Compulsorily Convertible Preference Shares (CCPS)	52	469
	802	1,594

29. Other Expenses

	March 31, 2020	March 31, 2019
Power and fuel	449	391
Subcontractor charges	7,271	6,442
Repairs and maintenance		
- Buildings	193	170
- Equipments	25	41
- Others	404	227
Rent expenses - refer note (ii) below	300	331
Advertising and business promotion expenses	263	308
Commission	186	240
Communication costs	289	269
Insurance	36	26
Legal and professional fees - refer note (i) below	1,140	462

Loss on property, plant and equipment sold / scrapped, net	-	5
Software license cost	1,238	1,409
Rates and taxes	31	31
Warranty expense	60	-
Recruitment charges	230	263
Exchange loss	-	886
Impairment loss allowance on trade receivables	706	580
Impairment loss written back on loans written back	-	(37)
Impairment loss allowance on unbilled revenue	56	18
Acquisition related receivables written off	-	165
Corporate Social Responsibility ('CSR') expenditure - refer note 38	21	5
Travelling and conveyance	2,910	2,554
Miscellaneous expenses	180	262
	15,988	15,048

(i) Payment to auditors:		
	March 31, 2020	March 31, 2019
As auditor:		
Audit fee	30	20
Tax audit fee	3	1
In other capacity		
Certification fees	3	5
Reimbursement of expenses	2	2
	38	28

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

30. Exceptional Items

	March 31, 2020	March 31, 2019
Impairment of goodwill - refer note 4	1,126	1,258
	45,047	1,258

31. Income tax expense/(income)

	March 31, 2020	March 31, 2019
a) Statement of profit and loss		
Current tax	172	-
Adjustment of tax relating to earlier periods	18	-
Deferred tax credit	-	(123)
Income tax expense/(income)	190	(123)
b) Statement of other comprehensive income		
On remeasurement of defined benefit obligation	-	-
	-	-
Reconciliation of tax expense and tax based on accounting profit:	March 31, 2020	March 31, 2019
Profit/(loss) before income tax expense	7,361	1,298
Tax at the Indian tax rate of 25.17% (2019: 30.90%)	1,853	401
Tax effect of:	-	-
Utilization of previous year losses for which no deferred tax was created	(2,260)	(639)
Deferred tax not recognized on current year losses	11	-
Deferred tax not recognized on current year temporary difference	324	(222)
Effect on change in rates	225	-
Others	37	337
Income tax expense/(income)	190	(123)

The Group elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has recognized Provision for Income Tax for the year and re-measured its Deferred tax basis the rate prescribed in the said section.

32. Earnings per share ['EPS']

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

	March 31, 2020	March 31, 2019
Profit after tax attributable to equity holders of the Parent Company (a) (INR in lakhs)	1,171	1,421
Weighted average number of shares outstanding during the year for basic EPS (b)	101,792,647	75,175,235
Weighted average number of shares outstanding during the year for diluted EPS (c)	133,688,639	122,969,980
Basic Earnings per share (in INR) (a/b)	7.04	1.89
Diluted Earnings per share (in INR) (a/c)	5.36	1.16
Equity shares reconciliation for EPS	30,971,750	19,419,435
Equity shares outstanding	70,820,897	55,755,800
CCPS convertible into Equity shares	101,792,647	75,175,235
Total considered for Basic EPS	31,895,992	47,794,745
Add: ESOP options / CCPS	133,688,639	122,969,980
Total considered for diluted shares	30,971,750	19,419,435

33. 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 recognized INR 1,905 lakhs (March 31, 2019: INR 1,707 lakhs) towards defined contribution plans.

(ii) Defined benefit plans (funded):

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

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

Interest risk	A decrease in the bond interest rate will increase the plan liability.		
Investment Risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.		
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.		
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.		
	March 31, 2020	March 31, 2019	April 1, 2018
Current	240	220	120
Non-current	1,255	940	812
	1,495	1160	932

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

Changes in the defined benefit obligation and fair value of plan assets for the year ended March 31, 2019:

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 1, 2018	969	37	932
Amount recognized in statement of profit and loss			
Current Service cost	236	-	236
Net interest expense/(income)	70	3	67
Total amount recognized in statement of profit and loss	306	3	303
Benefits paid	(119)	(119)	-
Remeasurement			
Return on plan assets	-	(1)	1
Actuarial changes arising from changes in demographic assumptions	(50)	-	(50)
Actuarial changes arising from changes in financial assumptions	48	-	48
Experience adjustments	46	-	46
Total amount recognized in other comprehensive income	44	(1)	45
Contributions by employer	-	120	(120)
As at March 31, 2019	1,200	40	1,160

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

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 1, 2019	1,200	40	1,160
Amount recognized in statement of profit and loss			
Current Service cost	239	-	239
Net interest expense/(income)	81	3	78
Total amount recognized in statement of profit and loss	320	3	317
Benefits paid	(119)	(119)	-
Remeasurement			
Return on plan assets	-	(1)	1
Actuarial changes arising from changes in demographic assumptions	127	-	127
Actuarial changes arising from changes in financial assumptions	(118)	-	(118)
Experience adjustments	129	-	129
Total amount recognised in other comprehensive income	138	(1)	139
Contributions by employer	-	120	(120)
As at March 31, 2020	1,539	43	1,496

Employee benefits plan (continued)

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

	March 31, 2020	March 31, 2019	April 1, 2018
Insurance fund	44	41	37
Total	44	41	37

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

	March 31, 2020	March 31, 2019	April 1, 2018
Discount rate	5.76%	6.76%	7.18%
Expected return on plan assets	5.76%	6.76%	7.18%
Future salary increases	3.00% p.a. for the next 2 years, 6.00% p.a. for the next 2 years, starting from the 3rd year 9.00 p.a. thereafter, starting from the 5th year	9.00%	8.00%
Employee turnover	19.70%	28.00%	23.00%
Mortality	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

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

Sensitivity analysis for significant assumptions are as shown below:					
	Sensitivity Level	March 31, 2020		March 31, 2019	
		'Defined benefit obligation on increase/decrease in assumptions			
		Increase	Decrease	Increase	Decrease
Discount rate	1% increase / decrease	(65)	71	(34)	37
Future salary increase	1% increase / decrease	70	(65)	18	(34)
Attrition rate	1% increase / decrease	(17)	18	(12)	12

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 recognized 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, 2020 is INR 899 lakhs (March 31, 2019: INR 792 lakhs). The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (March 31, 2019: 4 years). The expected maturity analysis of undiscounted gratuity is as follows:

	March 31, 2020	March 31, 2019	April 1, 2018
Within the next 12 months	250	252	151
Between 2 and 5 years	774	747	568
Between 6 and 10 years	571	373	392
Beyond 10 years	481	142	229

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Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

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

	March 31, 2020	March 31, 2019	April 1, 2018
Measured at Fair Value Through Other Comprehensive Income (FVOCI)			
Foreign currency forward contracts	5	224	67
Interest rate Swaps	14	15	-
Total financial assets measured at FVOCI	19	239	67
Measured at Fair Value Through Statement of Profit and Loss (FVTPL)			
Investment in mutual funds	8,337	9,815	13,862
Total financial assets measured at FVTPL	8,337	9,815	13,862
Measured at amortized cost			
Security deposits	803	654	824
Loans to employees	64	41	34
Other financial assets - others	19,526	7,091	1,259
Trade receivables	11,487	12,927	9,437
Cash and cash equivalents	4,353	2,627	1,652
Total financial assets measured at amortized cost	36,233	23,340	13,206
Total financial assets	44,589	33,394	27,135

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

	March 31, 2020	March 31, 2019	April 1, 2018
Measured at fair value through statement of profit and loss (FVTPL)			
Series A 14% Non-Cumulative Compulsorily Convertible Preference Shares (CCPS)	-	26,322	25,852
Employee Stock Option Liability	-	-	2,100
Total financial liabilities measured at FVTPL	-	26,322	27,952
Measured at fair value through other comprehensive income (FVOCI)			
Foreign currency forward contracts	749	2	50
Interest rate Swaps	-	-	32
Total financial liabilities measured at FVOCI	749	2	82
Measured at amortized cost			
Foreign currency term loan	927	1,579	2,168
Lease liabilities	3,547	4,546	5,770
Bank overdraft and cash credit	6,916	6,012	6,855
Trade payables	3,442	2,878	2,498
Other financial liabilities	4,853	2,877	1,289
Total financial liabilities measured at amortized cost	19,685	17,892	18,580
Total financial liabilities	20,434	44,216	46,614

# Fair value measurement - continued				
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, 2020				
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	5	-	5
Interest rate Swaps	-	14	-	14
Measured at fair value through statement of profit and loss (FVTPL)				
Investment in mutual funds	8,337	-	-	8,337
Total financial asset measured at fair value	8,337	19	-	8,356
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	749	-	749.00
Total financial liabilities measured at fair value	-	749	-	749.00
March 31, 2019				
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	224	-	224
Interest rate Swaps	-	15	-	15
Measured at fair value through statement of profit and loss (FVTPL)				
Investment in mutual funds	9,815	-	-	9,815
Total financial asset measured at fair value	9,815	239	-	10,054
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	2	-	2
Measured at fair value through statement of profit and loss (FVTPL)				
Series A 14% Non-Cumulative Compulsorily Convertible Preference Shares (CCPS)	-	-	26,322	26,322
Total financial liabilities measured at fair value	-	2	26,322	26,324
April 1, 2018				
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				

Foreign currency forward contracts	-	67	-	67
Measured at fair value through statement of profit and loss (FVTPL)				
Investment in mutual funds	13,862	-	-	13,862
Total financial asset measured at fair value	13,862	67	-	13,929
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	50	-	50
Interest rate Swaps	-	32	-	32
Measured at fair value through statement of profit and loss (FVTPL)				
Series A 14% Non-Cumulative Compulsorily Convertible Preference Shares (CCPS)	-	-	25,852	25,852
Employee Stock Option Liability	-	-	2,100	2,100
Total financial liabilities measured at Fair value	-	82	27,952	28,034

Notes:

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

- In respect of investments in mutual funds, the fair value represents net assets value (NAV) as stated by the fund house in their published statements.
- The Group has entered into foreign currency forward contract to hedge the highly probable forecast transaction and interest rate swap to hedge the foreign currency term loan. The derivative financial instrument is entered with the financial institutions with investment grade ratings. Interest rate swaps and foreign exchange forward contracts are valued based on valuation models which include use of market observable inputs, the mark to market valuation is provided by the financial institution as at reporting date. The valuation of derivative contracts is categorized as level 2 in fair value hierarchy disclosure.
- The management assessed that cash and cash equivalent, trade receivables, trade payables, other financial assets-others (current), other financial liability (current), bank overdraft and cash credit, lease liabilities (current) and loans to employees approximates their fair value largely due to short-term maturities of these instruments. Further the management also estimates that the carrying amount of foreign currency term loan at floating interest rates are the reasonable approximation of their fair value and the difference between carrying amount and their fair value is not significant.
- The Series A 14% Non-Cumulative compulsorily convertible preference shares held by Investors is classified as liability and carried at fair value through profit and loss. The Group has valued the instrument by using the discounted cash flow approach.
- The fair value of remaining financial instruments is determined on transaction date based on discounted cash flows calculated using lending/ borrowing rate. Subsequently, these are carried at amortized cost. There is no significant change in fair value of such liabilities and assets.

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

Fair value hierarchy (continued)			
Valuation Inputs and relationship to fair value			
	Significant unobservable inputs	Weighted range	Sensitivity
	March 31, 2019		
Series A 14% Non-Cumulative Compulsorily Convertible Preference Shares (CCPS)*	Revenue	USD 105.7 Mn - USD 206.46 Mn	Increased revenue by 1% and decreased revenue by 1% would increase CCPS value by INR 503 lakhs and decrease CCPS value by INR 503 lakhs
	EBIDTA	12%-15%	Increased EBIDTA by 1% and decreased EBIDTA by 1% would increase CCPS value by INR 5,297 lakhs and decrease CCPS value by INR 5,329 lakhs
	Discount rate	23.40%	Increased discount rate by 1% and decreased discount rate by 1% would decrease CCPS value by INR 3,408 lakhs and increase CCPS value by INR 3,804 lakh
	April 1, 2018		
Series A 14% Non-Cumulative Compulsorily Convertible Preference Shares (CCPS)*	Revenue	USD 98.5 Mn - USD 231.89 Mn	Increase in revenue by 1% and decrease in revenue by 1% would increase CCPS value by INR 1,118 lakhs and decrease CCPS value by INR 1,198 lakhs
	EBIDTA	10.5%-25.2%	Increase in EBIDTA by 1% and decrease in EBIDTA by 1% would increase CCPS value by INR 2,698 lakhs and decrease CCPS value by INR 2,708 lakhs
	Discount rate	24.35%	Increase in discount rate by 1% and decrease in discount rate by 1% would decrease CCPS value by INR 3,172 lakhs and increase CCPS value by INR 3,526 lakhs
* Group has used discounted cash flow method for valuation of Series A 14% Non-Cumulative compulsorily convertible preference shares			
# Financial risk management <p>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.</p> <p>The Group's activities expose 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 summarized below.</p>			

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's operates in various geographies and is exposed to foreign exchange risk on its various currency exposures. The risk of changes in foreign exchange rates relates primarily to the group's operating activities. The group uses foreign currency forward contract governed by its board approved policy to mitigate its foreign currency risk that are expected to occur within next 12 months period for forecasted sales. The counterparty for these contracts is generally a reputed scheduled bank. The group reports quarterly to a committee of the board, which monitors foreign exchange risks and policies implemented to manage its foreign exchange exposures.

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

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

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

Currency	Particulars	March 31, 2020		March 31, 2020		April 01, 2018	
		FC	INR	FC	INR	FC	INR
USD	Financial assets						
	Trade receivables	106	7,975	142	9,805	113	7,371
	Loans	1	58	-	-	-	13
	Other financial assets	44	3,322	18	1,241	8	540
	Bank accounts	24	1,811	15	1,052	16	1,040
	Derivative assets						
	Foreign exchange forward contracts*	(259)	(19,482)	(75)	(5,153)	(167)	(10,846)
	Net exposure on foreign currency risk (assets)	-	-	100	6,945	-	-
	Financial liability						
	Borrowings	104	7,854	96	6,610	139	9,051
	Trade payables	27	2,069	21	1,477	11	727
	Other financial liabilities	18	1,384	7	451	2	143
	Other liabilities	4	325	4	263	3	214
	Net exposure on foreign currency risk (liabilities)	153	11,632	128	8,801	155	10,135
	Net exposure on foreign currency risk (Assets-liabilities)	(153)	(11,632)	(28)	(1,856)	(155)	(10,135)

Currency	Particulars	March 31, 2020		March 31, 2020		April 01, 2018	
		FC	INR	FC	INR	FC	INR
Euro	Financial assets						
	Trade receivables	6	536	5	415	10	786
	Loans	0	0	-	9	-	9
	Other financial assets	3	256	-	2	1	92
	Bank accounts	3	290	-	2	-	1
	Derivative assets			-	-	-	-
	Foreign exchange forward contracts*	(23)	(1,869)	(5)	(350)	(7)	(524)
	Net exposure on foreign currency risk (assets)	-	-	-	78	4	364
	Financial liability						
	Trade payables	0	(14)	-	5	-	(4)
	Other financial liabilities	-	-	-	(3)	-	-
	Other liabilities	0	14	1	59	-	-
	Net exposure on foreign currency risk (liabilities)	-	-	1	61	-	(4)
	Net exposure on foreign currency risk (Assets-liabilities)	-	-	(1)	17	4	368

GBP	Financial assets						
	Trade receivables	5	481	13	1,139	5	476
	Loans	-	10	-	14	-	7
	Other financial assets	1	112	1	55	1	64
	Bank accounts	4	380	1	110	1	59
	Net exposure on foreign currency risk (assets)	10	983	15	1,318	7	606
	Financial liability						
	Trade payables	1	124	1	99	1	102
	Other financial liabilities	3	260	1	130	1	67
	Other liabilities	-	34	2	139	2	149
	Net exposure on foreign currency risk (liabilities)	4	418	4	368	4	318
	Net exposure on foreign currency risk (Assets-liabilities)	6	565	11	950	3	288

* Represents outstanding foreign currency forward contracts. The outstanding forward contracts as April 1, 2018, March 31, 2019 and March 31, 2021 are within the maturity period of 12 months.

B) The sensitivity of profit or loss to changes in foreign exchange rates arising mainly from foreign currency denominated financial instrument:		
	INR in lakhs	
	impact on profit before tax	
	March 31, 2020	March 31, 2019
USD sensitivity		
INR/ USD increases by 5%	(582)	(93)
INR/ USD decreases by 5%	582	93
EURO sensitivity		
INR/ EURO increases by 5%	-	1
INR/ EURO decreases by 5%	-	(1)

GBP sensitivity		
INR/ GBP increases by 5%	28	48
INR/ GBP decreases by 5%	(28)	(48)

* Sensitivity is calculated holding all other variables constant

ii. Interest rate risk

The Group exposure to the risk of changes in market interest rates relates primarily to the Group's foreign currency term loan obtained from RBL at floating interest of 6m Libor + 3.1%. To manage the risk the Group has entered into an interest rate swap, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts as per contractual arrangement.

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

Apart from the above borrowings, all its financial assets or liabilities are either non-interest bearing or are at a fixed interest rate and carried at amortized cost. Thus, the Group doesn't foresee any interest rate risk on these items.

iii. Price risk

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

Sensitivity:

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

INR in lakhs

	Impact on profit before tax	
	March 31, 2020	March 31, 2019
NAV increases by 5%	417	491
NAV decreases by 5%	(417)	(491)

Impact of Hedge activities

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

(c) The following provides the details of hedging instrument and its impact on balance sheet:					
	March 31, 2020				
	Currency	Nominal value (Foreign Currency)	Amount in INR	Lime item in the balance sheet	Fair value*
Cash flow hedge					
Foreign currency risk (for highly probable forecast transactions)					
- Foreign currency forward contracts	INR/USD	259	19,128	Other financial assets/liability	(728)
- Foreign currency forward contracts	INR/EURO	23	1884	Other financial assets/liability	(16)
	March 31, 2020				
	Currency	Nominal value (Foreign Currency)	Lime item in the balance sheet		Fair value*
Interest rate risk					
- Interest rate swaps (for variable interest rate risk on RBL Loan)	USD	12	Other financial assets		14

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

	March 31, 2019				
	Currency	Nominal value (Foreign Currency)	Amount in INR	Lime item in the balance sheet	Fair value*
Cash flow hedge					
Foreign currency risk					
(for highly probable forecast transactions)					
- Foreign currency forward contracts	INR/USD	75	5,400	Other financial assets/liability	199
- Foreign currency forward contracts	INR/EURO	5	380	Other financial assets/liability	23
	March 31, 2019				
	Currency	Nominal value (Foreign Currency)	Lime item in the balance sheet	Fair value*	
Interest rate risk					
- Interest rate swaps (for variable interest rate risk on RBL Loan)	USD	23	Other financial assets		15
* represents the impact of mark to market value at year end.					

	April 1, 2018				
	Currency	Nominal value (Foreign Currency)	Amount in INR	Lime item in the balance sheet	Fair value*
Cash flow hedge					
Foreign currency risk					
(for highly probable forecast transactions)					
- Foreign currency forward contracts	INR/USD	167	11,070	Other financial assets/liability	26
- Foreign currency forward contracts	INR/EURO	7	527	Other financial assets/liability	(9)
	April 1, 2018				
	Currency	Nominal value (Foreign Currency)	Lime item in the balance sheet	Fair value*	
Interest rate risk					
- Interest rate swaps (for variable interest rate risk on RBL Loan)	USD	34	Other financial liability		(32)
* represents the impact of mark to market value at year end.					

(b) The effect of cash flow hedge in hedge reserve and statement of profit and loss:			
	Highly probable forecast sales	Interest rate swaps	Total
Balance as at April 1, 2018	17	(32)	(15)
Hedge gain/(loss) recognised in Other Comprehensive Income (OCI)	841	67	908
Amount reclassified to from OCI to statement of profit and loss	(637)	(20)	(657)
Balance as at March 31, 2019	221	15	236
Hedge gain/(loss) recognised in Other Comprehensive Income (OCI)	(1,190)	(14)	(1,204)
Amount reclassified to from OCI to statement of profit and loss	225	12	237
Balance as at March 31, 2020	(744)	13	(731)

Reclassification for foreign currency forward contracts is recognized in foreign exchange gain or loss in statement of profit and loss.

Reclassification for interest rate swaps is recognized in interest expense in statement of profit and loss.

2. Credit risk

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

(i) Trade receivables

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

	Current	1-90 days	91-180 days	181-270 days	271-365 days	More than 365 days	Total
As at March 31, 2020							
Trade receivables	8,202	3,332	474	325	104	1,845	14,282
Allowance for expected loss	(332)	(101)	(134)	(281)	(102)	(1,845)	(2,795)
Net Trade receivables	7,870	3,231	340	44	2	-	11,487
As at March 31, 2019							
Trade receivables	8,984	3,857	460	411	98	1,182	14,992
Allowance for expected loss	(180)	(120)	(120)	(370)	(93)	(1,182)	(2,065)
Net Trade receivables	8,804	3,737	340	41	5	-	12,927
As at April 1, 2018							
Trade receivables	7,965	1,379	300	207	230	833	10,914
Allowance for expected loss	(159)	(42)	(78)	(151)	(214)	(833)	(1,477)
Net Trade receivables	7,806	1,337	222	56	16	-	9,437

Reconciliation of loss allowance

	March 31, 2020	March 31, 2019
Opening balance as at April, 1	(2,065)	(1,477)
Allowance made during the year (net)	(706)	(580)
Exchange difference	(24)	(8)
Closing balance as at March, 31	(2,795)	(2,065)

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 34 above.

Reconciliation of loss allowance

	March 31, 2020	March 31, 2019
Opening balance as at April, 1	506	496
Allowance made during the year	56	20
Allowance reversed/ written back during the year	(1)	(38)

Exchange difference	41	28
Closing balance as at March, 31	602	506
3. Liquidity risk		
Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective 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, 2020	March 31, 2019
RBL Bank Limited	140	1,637
Kotak Mahindra Bank	1,937	2,351
	2,077	3,988
		646

The table below summarizes 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, 2020				
Borrowings (including current maturities)	6,916	804	134	7,854
Lease liabilities	-	2,097	1,898.00	3,995
Trade payables	-	3,442	-	3,442
Foreign currency forward contracts	-	749	-	749
Other current financial liabilities #	-	4,889	1	4,890
	6,916	11,981	2,033	20,930
As at March 31, 2019				
Borrowings (including current maturities)	6,012	738	861	7,611
Lease liabilities	-	1,989	3,304	5,293
Trade payables	-	2,878	-	2,878
Series A 14% Non-Cumulative compulsorily convertible preference shares	26,322	-	-	26,322
Foreign currency forward contracts	-	2.00	-	2
Other current financial liabilities #	-	2,955	33	2,988
	32,334	8,562	4,198	45,094
As at April 01, 2018				
Borrowings (including current maturities)	6,855	694	1,503	9,052
Lease liabilities	-	1,955	5,010	6,965
Trade payables	-	2,498	-	2,498
Series A 14% Non-Cumulative compulsorily convertible preference shares	-	25,852	-	25,852
Foreign currency forward contracts	-	50	-	50
Interest rate Swaps	-	32	-	32
Employee Stock Option Liability	2,100	-	-	2,100
Other current financial liabilities #	-	1,411	109	1,520
	8,955	32,492	6,622	48,069
# Includes future interest payable on outstanding borrowings				

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

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, 2020	March 31, 2019	April 1, 2018
Borrowings (including current maturities)	7,843	7,591	9,023
Less: Cash and cash equivalents	(4,353)	(2,627)	(1,652)
Net (cash and cash equivalents)/debt (A)	3,490	4,964	7,371
Equity	26,531.00	(6,605)	(10,888)
Series A 14% Non-cumulative CCPS	-	26,322	25,852
Total equity capital (B)	26,531	19,717	14,964
Total debt and equity (C)=(A)+(B)	30,021	24,681	22,335
Gearing ratio (A)/(C)	12%	20%	33%

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020 March 31, 2019 and April 01, 2018.

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

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

37 Related Party Disclosure**(i) List of related parties and relationship**

Key management personnel (KMP)	<ol style="list-style-type: none"> 1. Mr. Ashok Soota (Executive Chairman) 2. Mr. Venkatraman N (Director) (w.e.f January 16, 2018) 3. Mr. Girish Paranjpe (Director) (w.e.f June 27, 2017 till March 10, 2020) 4. Mr. Avneet Singh Kochar (Director) 5. Mr. Sashi Kumar (Managing Director) (untill w.e.f February 01, 2018)
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Subsidiary	Happiest Minds Technology LLC
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Post employee benefit plan	Happiest Minds Technologies Pvt. Ltd. Employees group gratuity trust
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a. The following table is the summary of significant transactions with related parties by the Group:

	March 31, 2020	March 31, 2019
i. Contribution made to post employee benefit plan:		
Happiest Minds Technologies Pvt. Ltd. Employees group gratuity trust	120	120
ii. Director's sitting fees:		

Mr. Girish Paranjape (last date 10th March 2020)	9	12
iii. Managerial remuneration* :		
Mr. Venkatraman N		
Salary, wages and bonus	107	79
Employee stock compensation expense	10	34
Mr. Ashok Soota		
Salary, wages and bonus	128	88
Conversion of 75,000 (PY: Nil) preference shares into equity shares - refer note (i) below	-	-
*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.		
(i) In pursuant to resolution dated March 16, 2020, 75,000 14% series A full convertible non-cumulative preference shares held by Mr. Ashok Soota was converted into equity shares in the ratio of 1:163 equity shares for every preference share held. Total amount of such transaction was INR 489 lakhs.		

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED			
Notes to the Consolidated Financial Statements for the year ended March 31, 2020 (All amounts in INR lakhs, unless otherwise stated)			
38 Corporate Social Responsibility ('CSR') expenditure			
Consequent to the requirements of Section 135 and Schedule VII of the Companies Act, 2013, companies are required to contribute 2% of its average net profits during the immediately three preceding financial years in pursuance of its Corporate Social Responsibility Policy.			
Details of CSR expenditure are as follows:			
	March 31, 2020	March 31, 2019	
(a) Gross amount required to be spent by the Group during the year	5	-	
(b) Amount spent during the year	21	5	
Particulars	In cash	Yet to be paid in cash	Total
Construction/ Acquisition of any asset			
March 31, 2020	-	-	-
March 31, 2019	-	-	-
On purpose other than above			
March 31, 2020	21	-	21
March 31, 2019	5	-	5
Total			
March 31, 2020	21	-	21

39 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 %	Ownership interest held by the group %
			March 31, 2020	March 31, 2019	April 01, 2018
Happiest Minds Technologies LLC*	IT Services	USA	100	100	-

* The Group has filed for liquidation of subsidiary in the month of March 2020, refer Note 44 for detail.

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

March 31, 2020								
Particular	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 Pvt Ltd	100.1%	26,561	102.4%	7,343	98.9%	(1,106)	103.0%	6,237
Subsidiary								
Happiest Minds Technologies LLC	-0.3%	(83)	-0.6%	(40)	0.0%	-	-0.7%	(40)
Other adjustments:	0.2%	53	-1.8%	(132)	1.1%	(12)	-2.4%	(144)
Total	100%	26,531	100%	7,171	100%	(1,118)	100%	6,053

March 31, 2019								
Particular	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 Private Limited	102.3%	(6,759)	28.9%	411	65.7%	207	35.6%	618
Subsidiary								
Happiest Minds Technologies LLC	-4.1%	274	-42.0%	-597	0.0%	-	-34.4%	-597
Other adjustments:	1.8%	(120)	113.1%	1607	34.3%	108	98.8%	1,715
Total	100%	(6,605)	100%	1421	100%	315	100%	1,736

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

40 Commitments and Contingent Liabilities**i) Capital Commitments**

	March 31, 2020	March 31, 2019	April 1, 2018
Capital commitments towards purchase of capital assets	72	186	-

ii) Contingent liabilities

Guarantees given by banks on behalf of the Group for contractual obligations of the Group	1,007	460	396
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iii) Other claims against Group not provided for in books

The Group had entered into Membership Interest Purchase Agreement on May 29, 2017 to acquire interest in OSS Cube LLC. As per terms of Membership Interest Purchase agreement, the sellers of OSS Cube LLC had to pay INR 1,001 lakhs towards shortfall in working capital and accounts receivable for which the Group made a claim with the Sellers through US attorneys in May, 2018. The Counsel representing Sellers responded in June 2018, admitting the claim to the extent of INR 631 lakhs and have made a counterclaim of INR 5,584 lakhs for breach of earn-out/contingent payment. The Group's counsel believes that the counter claim is weak, vague and cannot be substantiated as the conditions set forth in the Membership Interest Purchase and Sale Agreement for payment of earn out/contingent payments were not met. Accordingly, no provision is created against the counter claim made by sellers in the financial statement. Subsequent to the end of the year on 15th April 2020, a settlement was reached and settlement agreement has been entered by both the parties wherein the Sellers have agreed to pay USD 2.8 lakhs over an agreed period of time and all claims by the Seller have been relinquished. No adjustments were required to be made in the financial statements for the year ended March 31, 2020, as the settlement was agreed subsequent to the end of the year.

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

iv) 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.

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

41 Segment Information**A. Description of segments and principal activities**

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

i) Infrastructure Management & Security Services (IMSS):

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

ii) Digital Business Solutions (DBS):

Digital Business Solutions group delivers enterprise applications and customized solutions that enable organizations to be smarter and accelerate business transformations. The group provides advisory, design &

architecture, custom-app development, package implementation, testing and on-going support services to IT initiatives. The business drivers for these applications are increasing market share, enhancing customer engagement, improving agility and efficiency of internal operations, reducing cost, driving differentiation and standardizing business processes.

iii) Product Engineering Services (PES):

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

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

Year ended March 31, 2020	IMSS	DBS	PES	Total
Revenue from contracts with customers				
External customers	15,361	19,167	35,293	69,821
Inter-segment	-	-	-	-
Segment revenue	15,361	19,167	35,293	69,821
Segment results	2,961	3,724	11,860	18,545
Reconciliation to profit after tax:				
Interest income				465
Net gain on investments carried at Fair value through profit or loss				576
Other unallocable income				560
Unallocable finance cost				(802)
Unallocable depreciation and amortization expenses				(2,023)
Impairment of goodwill				(1,126)
Other unallocable expenses				(8,973)
Re-measurement gains/ (losses) on defined benefit plans (Moved to OCI)				139
Tax				(190)
Profit/ (loss for the year)				7,171
	IMSS	DBS	PES	Total
Segment assets	4,207	4,216	7,841	16,264
Reconciliation to total assets:				
Investments				8,337
Derivative instruments				19
Other unallocable assets				26,195
Total				50,815
	IMSS	DBS	PES	Total
Segment liability	594	1,029	675	2,298
Reconciliation to total liabilities:				
Borrowings				7,843
Other unallocable liabilities				14,143
Total				24,284
Year ended March 31, 2019	IMSS	DBS	PES	Total
Revenue from contracts with customers				
External customers	12,943	18,090	28,003	59,036
Inter-segment	-	-	-	-
Segment revenue	12,943	18,090	28,003	59,036
Segment results	2,363	3,774	11,638	17,775

Reconciliation to profit after tax:				
Interest income				296
Net gain on investments carried at Fair value through profit or loss				772
Other unallocable income				77
Unallocable finance cost				(1,594)
Unallocable depreciation and amortization cost				(2,478)
Impairment of goodwill				(1,258)
Other unallocable expenses				(12,292)
Tax				123
Profit/ (loss for the year)				1,421
	IMSS	DBS	PES	Total
Segment assets	3,949	3,956	7,069	14,974
Reconciliation to total assets:				
Investments				9,815
Derivative instruments				224
Other unallocable assets				16,339
Total				41,352
	IMSS	DBS	PES	Total
Segment liability	385	1,386	439	2,210
Reconciliation to total liabilities:				
Borrowings				7,591
Series A 14% Non-Cumulative compulsorily convertible preference shares				26,322
Other unallocable liabilities				11,834
Total				47,957
Note				
i)	Assets (other than accounts receivable and unbilled Revenue) and liabilities (other than unearned revenue) of the Company are used interchangeably between segments, and the management believes that it is currently not practical to provide segment disclosures relating to these assets and liabilities since a meaningful segregation is not possible.			
(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, 2020	March 31, 2019		
India	8,334	7,005		
USA	54,128	44,578		
UK	5,002	5,603		
Others	2,357	1,850		
	69,821	59,036		
ii) The break-up of non-current assets by location of assets is shown below:				
	As at			
	March 31, 2020	March 31, 2019		
India	3,788	6,104		
USA	9	23		
UK	-	-		
Others	-	-		
	3,797	6,127		
Non-current assets for this purpose consists of Property, plant and equipment and intangible assets				

iii) Revenue from customers of the Group which is individually more than 10 percent of the Group's total revenue:		
	For the year ended	
	March 31, 2020	March 31, 2019
One customer	12.16%	13.92%
Note: Assets (other than accounts receivable and unbilled Revenue) and liabilities (other than unearned revenue and provision for discount) of the Company are used interchangeably between segments, and the management believes that it is currently not practical to provide segment disclosures relating to these assets and liabilities since a meaningful segregation is not possible.		

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

Share based payments

Employee Share Option Plan (ESOP)

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

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

Under all of the plans, the Parent Company provides the option to the employees, either to exercise all the options into Equity Shares immediately or exercise the options as and when they vest.

The Stock option plan of the Parent Company, up to March 31, 2019 is classified as cash settled transaction based on the constructive obligation for settlement of option in cash.

Modification of plan:

As per the original terms of Employee share option plan (ESOP), in the event of termination of the employment with the Parent Company for any reason other than death, the employee may be called upon by the Board, within 30 days after the date of termination, to mandatorily surrender all or any of the Shares to the Trust.

As per the modified terms of ESOP, in the event of termination of the employment with the Parent Company for any reason other than death, the employees are allowed to retain the vested and exercised shares.

As per ESOP in case of resignation of the employee, the employee is mandatorily required to surrender all the shares exercised pursuant to ESOP to the Parent Company. The Parent Company in its Board meeting held in January 2019, passed a resolution modifying the terms of ESOP with effect from March 31, 2019. Pursuant to modification in ESOP the employees are allowed to retain the vested and exercised shares.

The right for cash settlement of option is removed with effect from March 31, 2019 resulting into modification in plan from Cash settled to Equity settled transaction. The modification is accounted as per below principles:

- The equity-settled share-based payment transaction is measured by reference to the fair value of the equity instruments granted at the modification date i.e. March 31, 2019.
- The liability for the cash-settled share-based payment transaction as at the modification date is derecognized on that date.
- The difference between the carrying amount of the liability derecognized and the amount of equity recognized on the modification date is recognized immediately in the statement of profit and loss.

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 ##
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).
Ownership	Legal Ownership		Legal Ownership
Vesting Pattern	Four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1,2,3 and 4 years respectively from the date of grant and become fully exercisable, subject to employee being in the employment of the Parent Company.		
Exercise Price	Exercisable at an exercise price of INR 2, INR 3, INR 5 and INR 6 per option.	Exercisable at an exercise price of INR 2 and INR 6 per option.	Exercisable at an exercise price of INR 2, INR 6.25, INR 9.50, INR 11.50 and INR 26 per option.
Economic Benefits / Voting Rights	The holders of the equity shares will be entitled to the economic benefits of holding these shares only after the completion of the various vesting terms mentioned above and shall acquire voting rights as a shareholder of the Parent Company as duly approved by the shareholders at the meeting held on July 31, 2017.		

*** As amended vide Board meeting held in October 20, 2014. Under the said Plan, for employees (working out of the United States America - "USA") who have been granted options the legal ownership vests with the Employees only.

As amended vide Board meeting held in June 30, 2015.

	March 31, 2020	March 31, 2019
Employee stock compensation expense	266	603
Employee stock option liability	-	-

Movements during the year

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

March 31, 2020

Options - India/UK Plan	Employee Stock Ownership Plan 2011		Employee Stock Ownership Plan 2015	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	344,636	5.57	3,467,500	23.23
Granted during the year	-	-	4,068,591	26.00
Exercised during the year	(59,708)	4.05	(1,633,012)	25.41
Forfeited during the year	(43,140)	6.05	(875,013)	24.23
Outstanding options as at the end of the year	241,788	5.86	5,028,066	24.59
Weighted Average Remaining Contractual Life	1.35 years		5.91 years	

Options - USA Plan	Equity Incentive Plan for US Employees-2011	Equity Incentive Plan for US Employees-2011
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	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	49,500	5.24	332,500	25.73
Granted during the year	-	-	400,000	26.00
Exercised during the year	(29,500)	4.73	(621,950)	26.00
Forfeited during the year	-	-	(54,175)	26.00
Outstanding options as at the end of the year	20,000	6.00	56,375	24.41
Weighted Average Remaining Contractual Life	1.80 years		4.91 years	
March 31, 2019				
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	429,835	5.59	1,663,875	16.82
Granted during the year	-	-	4,157,881	26.00
Exercised during the year	(14,675)	5.76	(1,545,431)	25.93
Forfeited during the year	(70,524)	5.64	(808,825)	19.13
Outstanding options as at the end of the year	344,636	5.57	3,467,500	23.23
Weighted Average Remaining Contractual Life	2.43 Years		5.70 Years	
Options - USA Plan	Equity Incentive Plan for US Employees-2011		Equity Incentive Plan for US Employees-2011	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	49,500	5.24	197,000	23.83
Granted during the year	-	-	485,450	26.00
Exercised during the year	-	-	(172,950)	25.72
Forfeited during the year	-	-	(177,000)	24.36
Outstanding options as at the end of the year	49,500	5.24	332,500	25.73
Weighted Average Remaining Contractual Life	2.39 Years		6.20 Years	
*Weighted Average Exercise Price				
The weighted average fair value of the options granted during the year is INR 12.64/- The weighted average share price during the year is INR 20.98 (March 31, 2019 - INR 25.75) Exercisable options as at March 31, 2020 - 493,423 options (March 31, 2019 - 688,092 options) and weighted average exercise price - INR 13.28/- (March 31, 2019 - INR 9.22/-)				
The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:				
	March 31, 2020		March 31, 2019	
Expected dividend yield	0.00%		0.00%	
Expected Annual Volatility of Shares	50.00%		50.00%	
Risk-free interest rate (%)	7.43%-6.86%		7.42%-7.34%	
Exercise price (INR)	26.00		26.00	
Expected life of the options granted (in years)	3-6 years		3-6 years	
The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.				
On April 29, 2020 the Board of Directors of the Company approved Happiest Minds Employee Stock Option Scheme 2020 ("ESOP 2020") consisting of 7,000,000 equity shares.				

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

43 Business acquisitions

- A. The Group had entered into Business Transfer agreement with OSS Cube Solutions Limited on May 29, 2017 to acquire its assets and liabilities which constitutes a business for a consideration of INR 2,130 lakhs.**

The following table presents the purchase consideration, fair value of asset acquired, and goodwill recognized on the date of control (i.e. May 29, 2017).

Details of Fair value recognized on acquisition as on May 29, 2017:

Property, plant and equipment	31
Intangible assets (including Non-compete and customer relationships)	277
Loans	26
ROU assets	413
Lease liabilities	(404)
Trade receivables	85
Provisions	(185)
Total fair value of net assets acquired (A)	243
Fair value of purchase consideration (B)	2,130
Goodwill arising on acquisition (C)- (A-B)	1,887

The goodwill of INR 1,887 lakhs comprises the value of expected synergies arising from the acquisition which is not separately recognized. Refer note 4

Purchase consideration	Amount (lakhs)
Cash consideration	2,130
Total purchase consideration	2,130

- B. The Group had entered into business transfer agreement with Cupola technologies Private Limited on May 9, 2017 to acquire its business (internet of things) on a slump sale basis for a cash consideration of INR 695 lakhs.**

The following table presents the purchase consideration, fair value of asset acquired, and goodwill recognized on the date of control (i.e. May 17, 2017).

Details of Fair value recognized on acquisition as on May 17, 2017:

	Amount (lakhs)
Intangible assets (Non-compete and customer relationships)	84
Total fair value of assets acquired (A)	84
Fair value of purchase consideration (B)	695
Goodwill arising on acquisition (C)	611

The goodwill of INR 611 lakhs comprises the value of expected synergies arising from the acquisition which is not separately recognized. Refer note 4

Purchase consideration	Amount (lakhs)
Cash	695
Total purchase consideration	695

- C. The Group had entered into Business Transfer agreement with OSS Cube LLC on May 29, 2017 to acquire its business for a consideration of INR 2,222 lakhs effective from April 1, 2017.**

The following table presents the purchase consideration, fair value of asset acquired and goodwill recognised on the date of control (i.e. April 1, 2017).

Details of Fair value recognized on acquisition as on April 01, 2017:	
	Amount (lakhs)
Property, plant and equipment	2
Intangible assets (including Non-compete, trademark customer relationships)	591
Loans	3
Trade receivables	1,502
ROU assets	127
Lease liabilities	(127)
Cash	996
Other assets	437
Trade payables	(15)
Borrowings	(732)
Other financial liabilities	(620)
Other liabilities	(219)
Deferred tax liability on intangibles	(183)
Total fair value of net assets acquired (A)	1,762
Fair value of purchase consideration (B)	2,222
Goodwill arising on acquisition (C)- (A-B)	460
The goodwill of INR 460 lakhs comprises the value of expected synergies arising from the acquisition which is not separately recognized.	
Purchase consideration	Amount (lakhs)
Cash consideration	2,222
Total purchase consideration	2,222
D. During the year, the Group has carried annual impairment testing for OSS Cube Solutions Limited and Cupola technologies Private Limited. Each of these acquisitions was considered as a separate cash-generating unit's (CGU) for the purpose of impairment assessment. The Group based on detailed valuation by an independent external valuer has identified recoverable value of each of the CGU. Accordingly, an impairment amounting to INR 1126 lakhs was accounted in the statement of profit and loss during the year against goodwill accounted pursuant to acquisition of OSS Cube Solutions Limited.	

44 Discontinued operations

The group via its board meeting passed a resolution on March 16, 2020 to voluntary dissolve and wind up the operation of its subsidiary i.e. Happiest Minds Technologies LLC, USA. Pursuant to such resolutions, the group has filed a request for certificate of account status to terminate a taxable entity's existence in Texas and other winding up process. However, the group has not received any clearance with respect to such application till date. However, the Group envisages such closure to happen within the next 12 months. The Group has classified the operations of its subsidiary as a discontinued operation as at March 31, 2020. However, since the operation of such subsidiary is not material, the Group has disclosed the results and financial position of such subsidiary via this note. All other notes and disclosure given in this financial statement includes the financial effect of subsidiary operations and financial positions. The carrying amount of assets and liabilities approximates the fair value.

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

	March 31, 2020	March 31, 2019
Revenue from contracts with customers		-
Other income	3	20
	3	20
Employee benefit expenses	-	362
Depreciation and amortization	-	28

Other expense	40	221
Finance cost	3	6
	43	617
Profit /(loss) before tax	(40)	(597)
Tax expense	-	-
Profit /(loss) after tax from discontinued operations	(40)	(597)
The major class of assets and liabilities of Happiest Minds Technologies LLC, USA as at March 31, 2020 are as follows:		
		March 31, 2020
Assets		
Property, plant and equipment		-
Cash and cash equivalent		3
		3
Liabilities		
Lease liabilities		4
Financial liabilities		52
Current liabilities		51
Trade payables		(21)
		86

HAPPIEST MINDS TECHNOLOGIES PRIVATE LIMITED

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

45 First time adoption of Ind AS

A. First time adoption

These Consolidated Financial Statements, for the year ended March 31, 2020, are the first Consolidated Financial Statements, the Group has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2019, the Group prepared its Consolidated Financial Statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "Previous GAAP").

Accordingly, the Group has prepared Consolidated Financial Statements which comply with Ind AS applicable for the year ended March 31, 2020, together with the comparative period data as at and for the year ended March 31, 2019, as described in the summary of significant accounting policies. In preparing these Consolidated Financial Statements, the Group's opening balance sheet was prepared as at April 01, 2018, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP Consolidated Financial Statements, including the balance sheet as at April 01, 2018 and the Consolidated Financial Statements as at and for the year ended March 31, 2019.

B. Exemptions applied

Ind AS - 101 allows first-time adopters certain exemptions and certain optional exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions and optional exemptions:

Deemed cost for Property, plant and equipment

Ind AS - 101 permits a first-adopter a first time adopter to elect to continue with the carrying value for all its property, plant and equipment as recognized in the Standalone Financial Statements as at the date of the transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS - 38 'Intangible assets'.

Accordingly, the Group has elected to measure all its property, plant and equipment and intangible assets at their previous GAAP carrying value.

Share based payment

Ind AS - 101 allows a first-time adopter in respect of share-based payment transactions that give rise to liabilities to not apply Ind AS - 102 to transactions that were settled before the date of transition of Ind AS. Accordingly the Group has availed this exemption and has not applied Ind AS - 102 to such transactions.

Leases

Ind AS - 116 is applied with Full retrospective approach, the Group has identified leases since the inception of all lease contracts that are presented in the financial statements and has restated the comparative years presented.

The Group also applied the available practical expedients wherein it:

The Group has used a single discount rate of 10.7% for leases in India and 6.5% for leases in the United States of America to a portfolio of leases with reasonably similar characteristics

The Group has elected to apply short term lease exemption to leases for which the lease term ends within 12 months of the date of initial application.

The Group has excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

C. Mandatory Exceptions

Derecognition of financial assets and financial liabilities

Ind AS - 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS - 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS - 101 allows a first time adopter to apply the de-recognition requirements in Ind AS - 109 retrospectively from a date of the Group's choice, provided that the information needed to apply Ind AS - 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS - 109 prospectively from the date of transition to Ind AS.

Hedge accounting

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. The Group has applied guidance note on accounting for derivative contract and designated the derivative contracts as hedging instrument. All the hedges designated under Indian GAAP are of types which qualify for hedge accounting in accordance with Ind AS - 109 also. Moreover, the Group, before the date of transition to Ind AS, has designated a transaction as hedge and also meets all the conditions for hedge accounting in Ind AS - 109. Consequently, the Group continues to apply hedge accounting after the date of transition to Ind AS.

Classification and measurement of financial assets

Ind AS - 101 requires a Group to assess classification and measurement of financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS. The Group has assessed the same accordingly.

Estimates

The Group estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is an objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2018, are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transitions as these were not required under previous GAAP:

- Investment in mutual funds carried at Fair value through profit or loss.
- Impairment of financial assets based on expected credit loss method

D. Reconciliation of total equity between previous GAAP and Ind AS			
1. Equity reconciliation			
	Notes	March 31, 2019	April 01, 2018
Equity as reported under previous GAAP		20,678	18,536
Ind AS adjustments			
Fair value adjustments:			
Investment in mutual funds	a	773	132
Compulsorily convertible preference share	b	(26,322)	(25,852)
Security deposits	c	(20)	69
Allowance of expected credit losses on trade receivables and unbilled revenue	d	(454)	(731)
	e	(393)	(326)
Leases	f	(652)	(564)
Impact of restatement of past business combination	g	(94)	(485)
Consolidation of ESOP trust	h	(125)	(1,667)
Employees stock option expense		4	-
Others		(6,605)	(10,888)
Equity as per Ind AS		20,678	18,536
2. Total comprehensive income reconciliation for the year ended March 31, 2019			
	Notes	Year ended March 31, 2019	
Profit after tax as per previous GAAP		1,827	
Ind AS adjustments			
Fair value adjustments:			
Investment in mutual funds	a	641	
Compulsorily convertible preference share	b	(470)	
Security deposits	c	(5)	
Allowance of expected credit losses on trade receivables and unbilled revenue	d	277	
Leases	e	(139)	
Impact of restatement of past business combination	f	(156)	
Consolidation of ESOP trust	g	(2)	
Employees stock option expense	h	(597)	
Remeasurement of employee benefit obligation	i	45	
Net profit after tax as per Ind AS		1,421	
Other comprehensive income (net of tax)	j	315	
Total comprehensive income as per Ind AS		1,736	
3. Cash flow reconciliation for the year ended March 31, 2019			
	As per previous GAAP	Ind AS adjustments	As per Ind AS
Net cash flows from operating activities	3,643	2,119	5,762
Net cash flows used in investing activities	(332)	305	(27)
Net cash flows used in financing activities	(2,496)	(3,388)	(5,884)
Effect of exchange differences on cash and cash equivalents held in foreign currency	125	-	125
Cash and cash equivalents at the beginning of the year	1,623	28	1,651
Cash and cash equivalents at the end of the year	2,563	(936)	1,627

E. Notes to reconciliations between previous GAAP and Ind AS

a) Fair value of investment

Under previous GAAP, the Group were carrying their current investment at the lower of carrying amount and face value. Under Ind AS, these investments are required to be measured at fair value. The resulting change in fair value is recognized in retained earnings at the date of transition i.e. April 01, 2018 and subsequently in the statement of profit and loss. The company has recorded a fair market value adjustment of INR 132 lakhs to retained earnings as at April 1, 2018, and increased value of investment for INR 132 lakhs. In the year March 31, 2019, the company has accounted other income of INR 773 lakhs on account of increase in fair value of investment and increased investment by INR 773 lakhs.

b) Compulsorily convertible preference share

Under the previous GAAP, compulsorily convertible preference shares (CCPS) issued to the investors were classified as equity and carried at transaction value.

The Company had issued compulsorily convertible preference shares to the investors. The terms of the instrument provided the holder an option to convert the instrument and also a right to put back the instrument to the Group on the event the Group is not able to conduct a successful Qualified IPO within 7 years from the date of issue. On such occurrence, the Group will be obliged to buyback CCPS at a price equal the fair value of equity shares. Since the conduct of successful Qualified IPO is not within the control the Group, the Group doesn't have an unconditional right to avoid settlement. Thus, these instruments are in the nature of hybrid instrument with embedded derivative in the form of settlement option and host non-derivative liability. On transition, this instrument is recorded at its fair value and difference between its fair value and the carrying amount as per previous GAAP is recognized in the retained earnings. On the transition date the Group has reclassified 290,272 CCPS from equity to liability, Pursuant to such reclass the group has transferred INR 1,893 lakhs from paid up share capital and INR 14,513 lakhs from security premium to financial liability. Further on fair valuation of CCPS INR 9,446 lakhs is adjusted with retained earning towards increase in fair value of CCPS. During March 31, 2019 the Group has adjusted INR 470 lakhs is adjusted with retained earning towards increase in fair value of CCPS.

c) Security deposits

Under previous GAAP, interest free security deposits are recognized at their transaction value. Under Ind AS - 109, these deposits are initially recognized at fair value and subsequently measured at amortized cost at the end of each reporting period. Accordingly, the difference between transaction value and fair value of these deposits is recognized as Right-of-use assets and is amortized over the period of the lease term. Further, interest is accrued on the present value of these security deposits. On transition date the Group has adjusted retained earning towards fair value of security deposits by INR 15 lakhs and During the year March 31, 2019 the Group has further adjusted INR 5 lakhs to retained earning towards increase in fair value of security deposit.

d) Allowance of expected credit losses on trade receivables and unbilled revenue

Under previous GAAP, the Group has created provision for impairment of receivables and unbilled revenue based on the incurred loss model. Under Ind AS, impairment loss has been determined as per Expected credit loss (ECL) model. The difference between the provision amount as per previous GAAP and Ind AS - ECL is recognized as retained earnings on date of transition and subsequently in the statement of profit and loss. On transition date the Group has adjusted retained earnings for expected credit loss of INR 731 lakhs and During the year March 31, 2019 the Group has further adjusted INR 277 lakhs to retained earning towards additional allowance of ECL.

e) Lease

Under previous GAAP, lessee classified a lease as an operating or a finance lease based on whether or not the lease transferred substantially all risk and rewards incidental to the ownership of an asset. Operating lease were expensed in the statement of profit and loss. Pursuant to application of Ind AS - 116, for operating leases other than those for which the Group has opted for short-term or low value exemption, the Group has recorded a right-of-use assets and Lease liabilities. Right-of-use asset is amortized over the lease term or useful life of the leased assets whichever is lower and lease liability is subsequently measured at amortized cost and interest expense is recognized. The lease equalization reserve appearing in the books pursuant to straight lining of rent was reversed through retained earnings on transition to Ind AS. On adoption of Ind AS - 116, on transition date the Group has adjusted INR 247 lakhs against retained earnings and during the year ended March 31, 2019 the Group has recognized INR 146 lakhs against retained earnings

The company has measured the right-of-use asset at the date of transition at its carrying amount as if Ind AS - 116 had been applied since the commencement date of the lease and the lease liability is measured at present value of the remaining lease payments as at the date of transition .

f) Restatement of past business combination

Under previous GAAP, the Group had treated the acquisition of business of Cupola technology Private Limited, OSS cube solutions limited and OSS cube LLC as an amalgamation in the nature of purchase and accounted the difference between the consideration paid and book value of assets acquired as goodwill. Under Ind AS - 103, Group restated its past business combination and has accounted the acquisition using acquisition method and accounted difference between the acquisition date fair value of consideration paid and acquisition date fair value of identifiable assets and liabilities acquired as goodwill. The fair value of contingent consideration treated as a part of purchase consideration under previous GAAP is treated as a post combination expense under Ind AS and expensed out in the statement of profit and loss.

On the date of transition following adjustment were made against retained earnings:

1. INR 280 lakhs have been adjusted on account of amortization of Intangible assets (customer relationship and non-compete fees).
2. INR 300 lakhs has been adjusted on account of contingent consideration payable
3. (INR 16) lakhs have been adjusted on account of other business combination adjustments.

As at ended March 31, 2019 following adjustments were made against retained earnings:

1. INR 181 lakhs has been adjusted on account of amortization of Intangible assets (customer relationship and non-compete fees).
2. INR 600 lakhs has been adjusted on account of contingent consideration payable
3. (INR 129) lakhs have been adjusted on account of other business combination adjustments

g) Consolidation of ESOP trust

Under the previous GAAP, the employee stock option trust was not included in the Standalone Financial Statement of the sponsoring Group. Under Ind AS, ESOP trust is treated as an extended Group and included in the Standalone Financial Statement of the sponsoring Group. The investment in Group held by the trust is adjusted against share capital and security premium on consolidation of trust and shown as a treasury shares in the Group's financial statement. On transition date equity share capital and security premium held by the trust has been adjusted with opening equity. On the transition date the Group has consolidated shares held by trust, On consolidation the group has adjusted treasury shares held by trust of INR 163 lakhs. As at March 31, 2019 treasury shares are adjusted for INR 94 lakhs.

h) Employee stock option expense

Under the previous GAAP, the Group had treated the employee stock option plan (ESOP) as an equity settled option. On transition to Ind AS, such ESOP is treated as a cash settled plan on account of constructive obligation created by the trust's practice of repurchasing the shares on termination of employment. The outstanding options are fair valued at each reporting date till the options are settled and recorded as an expense in the statement of profit and loss. In respect of shares held by the live employees, the exercise price paid by the employees lying in the equity is reclassified to employee stock option liability. On transition date, the Group has adjusted INR 1,985 on account of cash settled ESOP to equity share capital and security premium. During the year ended March 31, 2019 INR 122 lakhs has been adjusted towards equity share capital and security premium.

i) Remeasurement of defined benefit obligation

Under previous GAAP, actuarial gains and losses were recognized in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of net defined benefit liability which is recognized in other comprehensive income in the respective periods. During the year March 31, 2019 INR 45 lakhs is adjusted to Remeasurement of defined benefit obligation.

j) Other Comprehensive income

Under previous GAAP, the exchange difference on translating the financial statement of foreign operations, the net movement in effective portion of cash flow hedge and remeasurement on defined benefit plan were recognized in statement of profit and loss. On transition, these are reclassified to other comprehensive income.

k) Retained earnings

Retained earnings as at April 01, 2018 has been adjusted consequent to above Ind AS adjustments.

F. Material regrouping

Appropriate adjustments have been made in these financial statements, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the requirements of the Ind AS.

46. The comparatives given in the financial statements have been compiled after making necessary Ind AS adjustments to the respective audited financial statements under Previous GAAP to give a true and fair view in accordance with Ind AS.

47. There were no subsequent events after the reporting date which requires disclosure or adjustment to the reported amounts.

As per our report of even date

for S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm's Registration Number: 101049W/E300004

for and on behalf of the Board of Directors:

Happiest Minds Technologies Private Limited

CIN: U72900KA2011PTC057931

per **Sumit Mehra**

Partner

Membership no.: 096547

Place: Bengaluru, India

Date: May 13, 2020

Ashok Soota

Executive Chairman

DIN: 00145962

Place: Bengaluru, India

Date: May 13, 2020

Venkatraman Narayanan

Director & Chief Financial
Officer

DIN: 01856347

Place: Bengaluru, India

Date: May 13, 2020

Praveen Darashankar

Company Secretary

FCS No.: F6706

Place: Bengaluru, India

Date: May 13, 2020



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