INTEGRATED ANNUAL REPORT 2023

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

EXCELLENCE IN GOVERNANCE AND GROWTH

HAPPIEST MINDS TECHNOLOGIES INSPIRES TRUST AND CREDIBILITY AND IS REVERED AMONG STAKEHOLDERS FOR ITS UNFLINCHING VALUES ,AND ETHICAL AND TRANSPARENT PRACTICES. WE OWE THIS TO OUR DECADE-LONG EFFORTS OF CONTINUALLY NURTURING BEST PRACTICES AND THE HIGHEST STANDARDS OF GOVERNANCE.

The theme **'Excellence in Governance and Growth'** is reflective of this journey. It is a celebration of our commitment to empower bold ideas for a time that requires thinking differently. It underscores our ambition to take bold actions for driving long-term growth, scaling new pinnacles of transparency and disclosure, and establishing leadership in ESG standards for the success of our people, clients, partners, communities, and the planet.

Today, we are operating in a new normal world underscored by unprecedented changes. These changing times have taught us that the workplace today is more than just a destination to accomplish goals. It is now a place where individuals, technology, and space connect to spark innovation. The fast-paced evolution across industries have reaffirmed our belief that teamwork makes the dream work, and that there should be no barriers to innovation and collaboration, the essential ingredients to a successful corporate governance philosophy.

It is in these turbulent times that we have stepped up. We have made strides to uphold our mission, vision, and values; to continually transform by reimagining our capabilities and embracing innovative leadership approaches. We have walked the extra mile, recalibrated our investment approach, embarked on a sustainable journey, and identified new opportunities that will propel us to bring greater value to our clients.

The report's cover image, featuring an infographic of three men sailing upstream, captures the essence of this message. It emphasizes the importance of having a common dream (goal) and how the combined strength of diverse teams working together can help achieve it while making real, impactful change. It draws attention to the efforts of every individual sailing on the same boat, which impacts everyone else's ability to operate at their optimum level of productivity.

At Happiest Minds, we follow a similar approach. Each Happiest Mind at our Company is committed to learning, engaging, sharing, and creating the dreamwork that we have taken upon ourselves. And, we are committed to enabling the success of our teams, hinging on an enabling work environment, a compelling direction, and a shared mindset well-supported by our leadership.

FY 2022-23

A YEAR OF EXCEPTIONAL PROGRESS IN GOVERNANCE AND GROWTH

DELIVERING INDUSTRY-LEADING GROWTH WITH SUPERIOR MARGIN PROFILE

28.3%
Growth in total income to ₹1,45,040 lakhs

26.2%
EBITDA Margin

RECOGNITION FOR CORPORATE GOVERNANCE PRACTICES

- Prestigious Golden Peacock Award for Excellence in Corporate Governance 2022
- ICAI Award for Excellence in Financial Reporting 2021-22
- Best Governed Company in Listed Segment: Medium Category for Excellence in Corporate Governance 2022 at the ICSI National Awards 2022
- ICSI Lifetime Achievement Award for Excellence in Corporate Governance to Executive Chairman Ashok Soota at the ICSI
- Governance Professional of the Year to CS Praveen Kumar Darshankar at the ICSI National Awards 2022

EXCELLENT ESG PERFORMANCE

183kWp
Solar Power Plant deployed at Madivala campus

27%
Diversity ratio

MULTIPLE GREAT PLACE TO WORK RECOGNITIONS

- Among the Top 10 India's Best Workplaces in Health and Wellness 2022
- Among the Top 50 India's Best Workplaces Building a Culture of Innovation by All 2023
- Top 50 India's Best Companies To Work For 2022
- Top 25 India's Best Workplaces in IT & IT-BPM 2022
- Top 50 India's Best Workplaces for Women 2022
- Among Top 100 Best Workplaces in Asia 2022

EXECUTING STRATEGIC EXPANSIONS TO MEET DEMAND

749

Net People Additions

EXPANDED DOMESTIC PRESENCE

- Added a 240,000 sq. ft. Grade A office space in Bengaluru
- Expanded existing Noida center
- Set-up a 150-seater office in Bhubaneswar

ROBUST BUSINESS WINS

31

New customers (237 total)

5

New Million $ customers (43 total)

1

New Fortune 2000 / Forbes 200 Billion $ Corporations (55 total)

IMPROVEMENTS IN CUSTOMER SATISFACTION AND HAPPINESS

60

Net Promoter Score (53 in FY 2021-22)

7.9/9.0

Customer Happiness Score (7.7/9.0 in FY 2021-22)

ENHANCED COMPETENCIES WITH SYNERGISTIC ACQUISITIONS

Acquired Sri Mookambika Infosolutions (SMI) adding to our competencies in healthcare vertical.

DELIVERING HEALTHY RETURNS TO SHAREHOLDERS

₹5.40 per share

Dividend declared (₹3.75 in FY 2021-22)

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

Forward-looking Statements

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

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

ABOUT THE REPORT

Basis of Reporting

The Integrated Annual Report 2022-23 is Happiest Minds' second integrated report based on guiding principles of the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework. In this report, we have used six capitals – Financial, Manufactured, Human, Intellectual, Social & Relationship and Natural Capitals to provide holistic information on our value creation process. We also capture information about our material matters, the external operating environment, governance practices and our strategy to maximize value creation in future. We have also provided a dedicated Environmental, Social and Governance (ESG) section which encompasses our sustainability practices. This report provides detailed and relevant information of our financial and non-financial performance and prospects to the stakeholders and will help them in making informed decisions regarding their engagement with us.

Reporting Principle

This Report has been prepared in accordance with the Companies Act, 2013 (and the Rules made thereunder), the Indian Accounting Standards, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Secretarial Standards, and with reference to the GRI Standards. The non-financial section of the report has been prepared following the guiding principles and content elements as stated in the <IR> framework.

Boundary and Scope of Reporting

The Report covers financial and non-financial information and activities of Happiest Minds Technologies Limited (Happiest Minds) and its subsidiary Happiest Minds Inc for the period from April 1, 2022 to March 31, 2023 and Sri Mookambika Infosolutions for the period from Jan 01, 2023 to March 31, 2023.

UN Sustainable Development Goals (SDGs)

Many of our activities are aligned to the UN SDGs. Across the report, we have mapped the UN SDGs that we contribute to with the activities undertaken.

CAPITALS

Financial

Our endeavor is to deploy funds efficiently to create sustained long-term wealth and optimize returns for our stakeholders and support our strategic operations.

Manufactured

This represents the tangible capital which helps us to deliver efficient and effective information technology to support our businesses and facilitate our operational strategy while driving shareholder value creation.

Intellectual

Showcases the collective knowledge of the organization which helps us to provide efficient solutions for clients and have a robust risk management process in place by investing in people skills and new partnerships.

Human

Our human capital is backed by the competencies, experience and proficiency of our people. We prudently invest in their wellbeing, engagement, skill development and diversity & inclusion to achieve organizational goals.

Social and Relationship

We leverage key stakeholder relationships based on shared values. It encompasses them as an integral part of our business decisions integral to our business decisions. We continually engage with them and take action to address their needs.

Natural

This represents our commitment towards the transition to a low-carbon economy and minimizing our environmental footprint to build resilient businesses guided by sustainability principles.

CHAIRMAN'S LETTER

Dear Stakeholders.

As we commence the second decade of Happiest Minds, it gives me immense satisfaction to report that your Company continues its path-breaking and highly successful run. We represent a unique model which combines the highest standards of corporate governance and people-centric culture with industry-leading results of profitability and growth.

In FY 2022-23, Happiest Minds delivered a growth of 23.7% in revenue (constant currency) and an EBITDA margin of 26.2%. Our EBITDA margin was second only to the largest listed IT Services company. We have delivered an enviable EBITDA margin of 26.2%, exceeding the upper band of our guidance of 22% - 24%. On a metric of revenue growth plus EBITDA margin, at 56.8%, we continue to be amongst the best in the industry.

This year, we have chosen the **"Excellence in Governance and Growth"** theme for our Integrated Annual Report FY 2022-23. At Happiest Minds, we have established corporate governance practices well before the company was listed in 2020, fundamentally striving to function like an exemplary public entity since our inception. As part of our vision to be known for the best corporate governance standards, we have made continuous strides to deploy leading-edge tech for the dissemination of information and educating our stakeholders on cyber risks within the organizational network, driving sustained, long-term business value while ensuring collaborative, and transparent communication at all levels of the organizational network.

I would like to highlight a few of the accomplishments we earned in the last financial year. Happiest Minds stands for excellent corporate governance, and the awards represent a triple confirmation of our disclosure, transparency, and governance practices.

- Golden Peacock Award for Excellence in Corporate Governance 2022
- ICSI Best Governed Company in Listed Segment: Medium Category – National Awards for Excellence in Corporate Governance
- ICAI for 'Excellence in Financial Reporting for 2021-22' Plaque in the Category VIII (A) – Service Sector (other than financial services sector)
- GOLD at the League of American Communications Professionals' (LACP) 2022 Spotlight Awards for the Integrated Annual Report (FY 2021-22)

WE ARE DRIVEN BY A MINDFUL APPROACH, CHOOSING TO DO WHAT BEST SERVES OUR PEOPLE, OUR CUSTOMERS AND BUSINESS OUTCOMES.

I was humbled on being conferred ICSI's Lifetime Achievement Award for Corporate Governance. I have accepted this award on behalf of all Happiest Minds and the many teams who have worked with me to create institutions recognized for excellence in Corporate Governance.

We are also delighted to be recognized by Great Place to Work® Institute (GPTW). For the second time in a row, Happiest Minds was recognized among the Top 10 India's Best Workplaces in Health and Wellness 2022. We continued to receive recognition from GPTW as one of the most attractive employers. We were named among the Top 50 India's Best Workplaces Building a Culture of Innovation by All 2023, Top 25 India's Best Workplaces in IT & IT-BPM 2022, and Top 50 India's Best Workplaces for Women 2022.

Your Company's growth was broad-based, with all our business units, operating geographies, and Centers of Excellence delivering excellent results. These results were enabled by the contributions of our delivery teams, technology and domain groups, and the support of all our corporate functions under the leadership of our Executive Board. Customer Satisfaction, as measured by our internal survey, showed a Net Promoter Score (NPS) of 60 and an overall satisfaction level of 7.9 on a scale of 9.0. We believe these numbers to be in the top tier, along with comparable companies.

We are driven by a mindful approach, choosing to do what best serves our people, our customers and business outcomes. Our people are collaborative and have a superlative commitment to value creation for our customers. We continue to strive hard to partner with our people, customers, and the community so that we are unitedly committed to a single purpose and shared success.

Several strategic decisions made in the past year mark our growth story. We purchased a Grade A, fully built-up commercial property with a super-built area of 240,000 sq. ft., in Electronic City, Bengaluru, and an expansion in a newer location like Bhubaneswar. We increased the delivery capacity of our Noida facility ("Smiles 5") to leverage the diverse high-technology talent pool in NCR. I am also excited to share that in the last quarter of the year, your Company acquired Sri Mookambika Infosolutions (SMI). The new entity, SMI, brings in deep domain capabilities which add to our healthcare vertical strengths and align very well with our Product Engineering Services business unit.

Another indicator of our confidence in growth for FY 2023-24 is Happiest Minds' people addition plan. We aim to add a record number of 1300 persons. This is in stark contrast to some of our peer organizations who have announced deferment of campus hiring etc. We plan to continue with a robust guidance on revenue growth while sustaining EBITDA margin in the 22-24% range.

Sustainable development is key to our growth. Happiest Minds, for its part, is dedicated to achieving carbon neutrality in its operations by 2030. We have deployed a 183 kWp solar power plant that will generate 256 MWh of electricity annually. It is estimated to reduce 210 MT of carbon emissions annually and 5200 MT over its lifecycle. This new solar power plant at our Bengaluru campus and our array of CSR initiatives are important Smilestones on our ESG roadmap to be vocal about a cleaner energy future and building long-term business sustainability.

As we look ahead to the future, we are optimistic and excited about the tremendous opportunity that awaits us.

I would like to express my gratitude to our customers for their continued faith and trust in Happiest Minds. I am also grateful to all Happiest Minds for their commitment and dedication to enable the happiness of our customers. I am grateful to our Board of Directors, our shareholders, and all other stakeholders for their wishes, guidance and support that help us accelerate our digital and agile journeys.

Let me close by wishing all of you good health and happiness.

With warm regards.

Ashok Soota
Executive Chairman

EXECUTIVE BOARD'S LETTER

Joseph Anantharaju
Executive Vice Chairman & CEO
Product Engineering Services (PES)

Rajiv Shah
President & CEO
Digital Business Services (DBS)

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

Venkatraman Narayanan
Managing Director & CFO

Dear Stakeholder,

We hope you are doing well and keeping safe.

In a rapidly changing world, we remain agile in adopting the latest technologies while delivering relevant digital and transformational solutions and services to our customers across our chosen industry verticals worldwide. We have built on our strengths and worked on our weaknesses while sharpening our focus on our values, people, culture, systems, and governance. We believe we are well on our way to achieving 'Vision 2031' for your Company.

While FY22 was one of recovery and growth, FY23 was a year where the first half showed continued growth while headwinds in the global macroeconomic environment marred the second. The performance of developed economies and forecasts in the second half characterized an expected slowdown in the US & Europe. Mirroring these concerns were initiatives taken by large companies in costs, workforce reduction, and the like. The start-up ecosystem, which drives technology innovation, adoption, and capital spending, was deeply affected. It was a moment of wait and watch.

As an economy, India remained buoyant and continued to report good numbers. In contrast, we at Happiest Minds continued to deliver industry-leading performance both in growth and profitability during the year. While we did see some impact of the macroeconomic environment on our business during the third quarter, we exited the year with multiple new customer sign-ups, an acquisition, and a very strong new business pipeline.

We delivered excellent results for FY23:

- Our revenues for the year were ₹142,929 lakhs (US$177.8 mn) which showed a growth of 30.7% over the previous
- Our revenues have grown at a compounded rate of 35.9% over the last 3 years
- Strong earnings before interest, tax, depreciation, and amortization (EBITDA Margin) of 26.2%, showing a growth of 28.9% over the previous

Your Company's revenue growth was broad-based, and all three Business Units (BU) have shown growth and profitability driven by demand and growth across all our geographies and verticals. Our financial return ratios continue to be healthy.

In all, we are very happy to report on an industry-leading performance in growth and profitability for the year.

We continue to be recognized for excellence in corporate governance. Awards and accolades won during the year are testimony to the same, and some of these are:

- Golden Peacock Award for Excellence in Corporate Governance 2022
- ICSI Best Governed Company in Listed Segment: Medium Category
- ICAI award for 'Excellence in Financial Reporting for 2021-22' Plaque in Service Sector
- GOLD at the League of American Communications Professionals' (LACP) 2022 Spotlight Awards for the Integrated Annual Report (FY 2021-22)

Our philosophy on transparency and ethics has found us favor amongst all stakeholders.

At Happiest Minds, we have ensured shared value creation and fairness to all our stakeholders – clients, colleagues, investors, partners, society, and the government. Our value systems, integrity standards, people-centric policies, vibrant culture, and commitment to our mission and vision help build a conducive environment for our people and fuels our performance.

As a technology Company and one working at the forefront of digital technologies, we work continuously to enhance our expertise in emerging technologies by investing in people and R&D. These teams work on use cases, proof of concepts, and demos, built at the intersection of newer technologies, verticals of focus, and alliances with technology companies. Investments in our Centers of Excellence (CoEs) – Security, Automation, IoT, Analytics/AI are helping us navigate a complex technology landscape while making relevant and value-driven technology propositions available to our customers.

We continue the people-centricity, location independence, and resilient delivery themes. As always, we evaluate, test, and deploy technology solutions that best meet and enhance the needs of our teams, customers, and stakeholders. People are our greatest asset and differentiator. We saw a year that started with increased attrition amongst our people, which has nicely trended down over the quarters. We are grateful to all our teams who have worked tirelessly to make this possible.

Your Company received multiple accolades from the Great Place to Work® Institute, which validates our people-first approach:

- Top 50 India's Best Workplaces Building a Culture of Innovation by All™ 2023
- Top 10 India's Best Workplaces™ in Health and Wellness 2022
- Top 50 India's Best Workplaces™ for Women 2022
- Top 100 Best Workplaces in Asia™ 2022
- Top 50 Best Companies to Work™ 2022
- India's Top 25 Best Workplaces in IT & IT-BPM 2022

Your Company's Glassdoor® rating stood at 4.3 and was among the highest amongst services companies.

These recognitions and ratings corroborate our efforts to foster an open culture, putting our people first in everything we do, and focusing on their learning and development.

Over 749 new Happiest Minds joined us last year, with over 249 of them being from engineering campuses. Our learning platforms have enabled our people to log in more than 105,000 hours (an average of 25 hours per Happiest Mind) of training during the year. Our people go through structured career acceleration and upskilling programs. We ended the year with over 4,917 Happiest Minds, of which 27% were women. We are committed to building a diverse team with empowered women in leadership positions.

Our commitment to the environment, society, and governance remains steadfast. We continue to invest in these areas from both CSR funds earmarked and our balance sheet. Programs on the environment and social activities find enthusiastic participation from amongst our people.

As we look ahead, large enterprises are adopting digital and driving transformation to make them more connected with their customers, employees, and partners. We continue to be the provider of choice with a set of capabilities that are most relevant to our clients. The future is digital, and Happiest Minds is well-positioned to be the leader here.

We embark into FY23 with our priorities set on profitable growth, expanding our service and technology offerings within our customers, geographies, and verticals. We will continue adopting a customer-centric approach by enabling our customers actionable insights and value propositions. Mergers and Acquisitions (M&A) will continue to be a key growth driver, and we pursue opportunities vigorously.

We extend our gratitude to our teams, whose motivation and creativity are the basis of our sustained success. Their commitment has helped us build good customer relationships and credibility to realize our shared vision and long-term targets.

We thank you for your support, encouragement, and timely advice, as we look forward to the best days ahead of us.

With warm regards,

Happiest Minds' Executive Board

Happiest Minds:

AN ORGANIZATION BUILT TO DELIVER EXCELLENCE

ABOUT HAPPIEST MINDS

LEADING TRANSITION TO A DIGITAL AND SUSTAINABLE WORLD

Happiest Minds is a next-generation digital transformation, infrastructure, security, and product engineering services company.

We deliver end-to-end transformative digital solutions to some of the world's biggest corporates, enabling them to build a competitive edge and stay ahead of the curve. Led by a focus on designing and architecting tailored solutions and empowered by an agile approach to engineering and delivery, we enable our customers to win by swiftly responding to change. Our cutting-edge solutions have been pivotal in progressing to a digital and sustainable economy, and propelling a better, more equitable future.

Mission, Vision & Values

Global Certifications

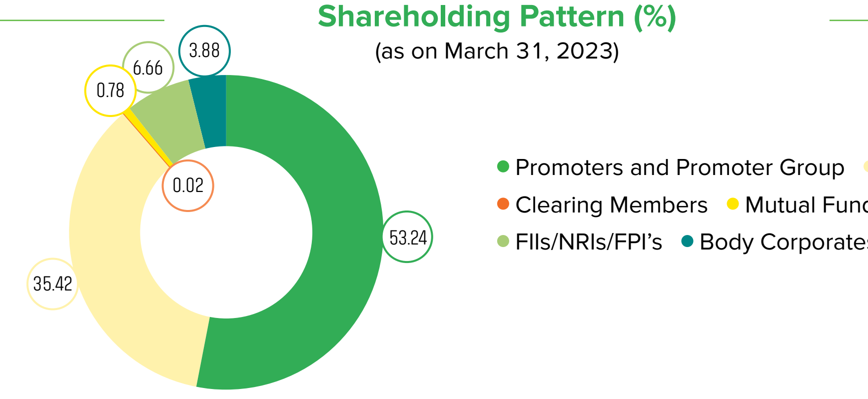
- ISO 9001:2015: Quality Management System
- ISO 27001:2013: Information Security Management System
- ISO 27701: 2019: Privacy Information Management System
- CREST: Penetration Testing Operating in EMEA

Comprehensive Offerings Across Digital Lifecycle

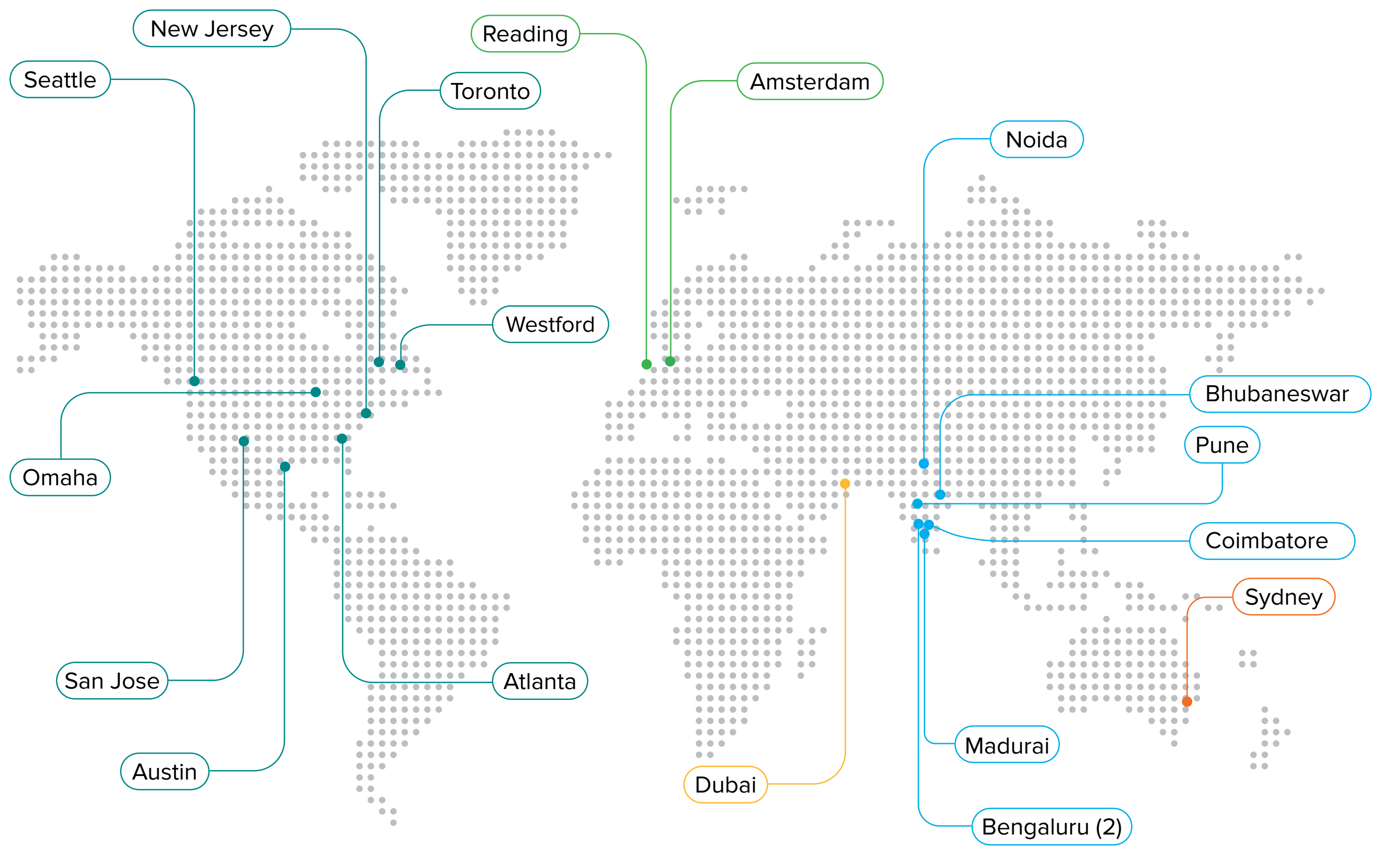
- **Product Engineering Services (PES):** Engineering digital products that are smart, secure and connected
- **Digital Business Services (DBS):** Helps organizations develop a digital roadmap to create digital capital and a seamless customer experience
- **Infrastructure Management & Security Services (IMSS):** Offers end-to-end monitoring and management and secure ring-fencing of customers' infrastructure and applications

Shareholding Pattern (%)

(as on March 31, 2023)



Expanding Global Footprint



Map not to scale.

Europe
UK and The Netherlands

2	29
Offices	Happiest Minds

UAE
Dubai

1	22
Offices	Happiest Minds

Americas
US and Canada

8	169
Offices	Happiest Minds

Australia
Sydney

1	7
Offices	Happiest Minds

India

7	5	4,690	Bengaluru
Offices	States	Happiest Minds	Headquarters

LEVERS POWERING OUR EXCELLENCE

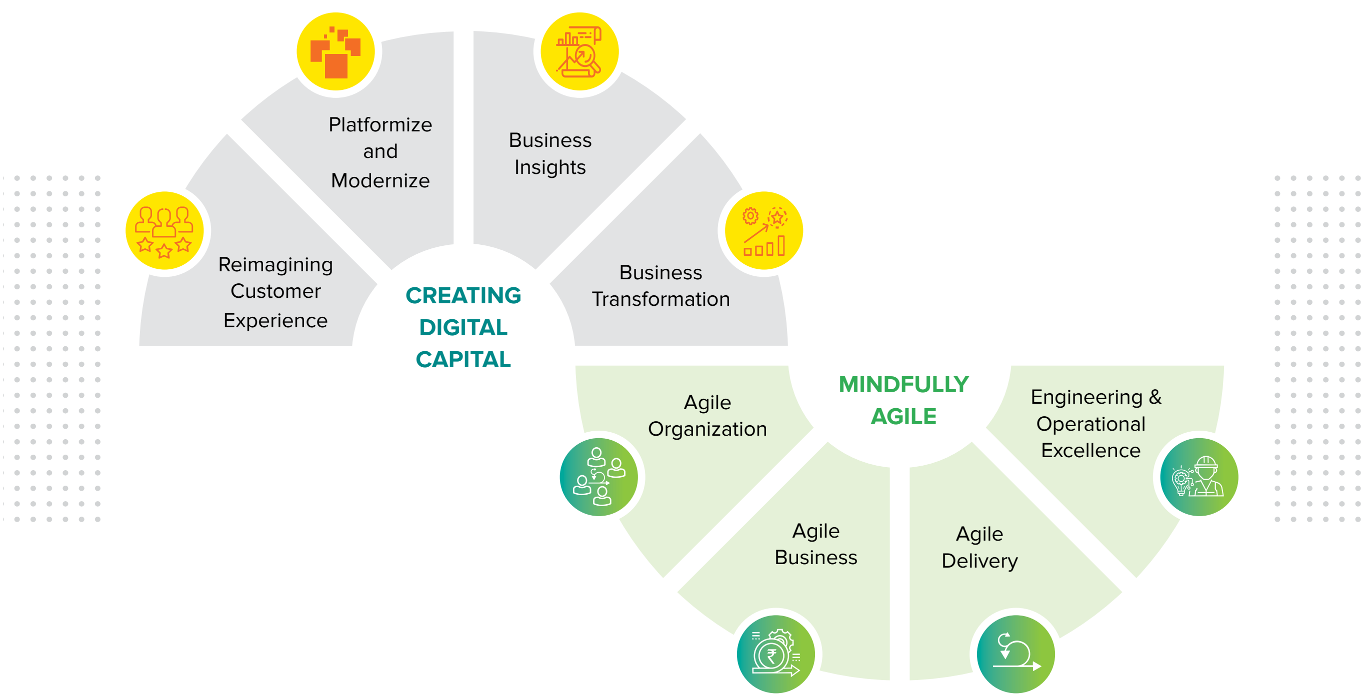
A BORN DIGITAL AND AGILE COMPANY WITH DIVERSE COMPETENCIES

We are a 'Born Digital . Born Agile' company with end-to-end capabilities across the digital lifecycle of companies in diverse industries supported by our wide-ranging technology expertise. These make us an attractive partner to rapidly deliver strategically viable, futuristic, and transformative digital solutions.

Born Digital and Agile

We are 96% digital and 94% agile business. It powers our ability to fulfill customers' digital transformation requirement seamlessly, frictionlessly and in the shortest time with a robust delivery engine. Key factors enabling this include:

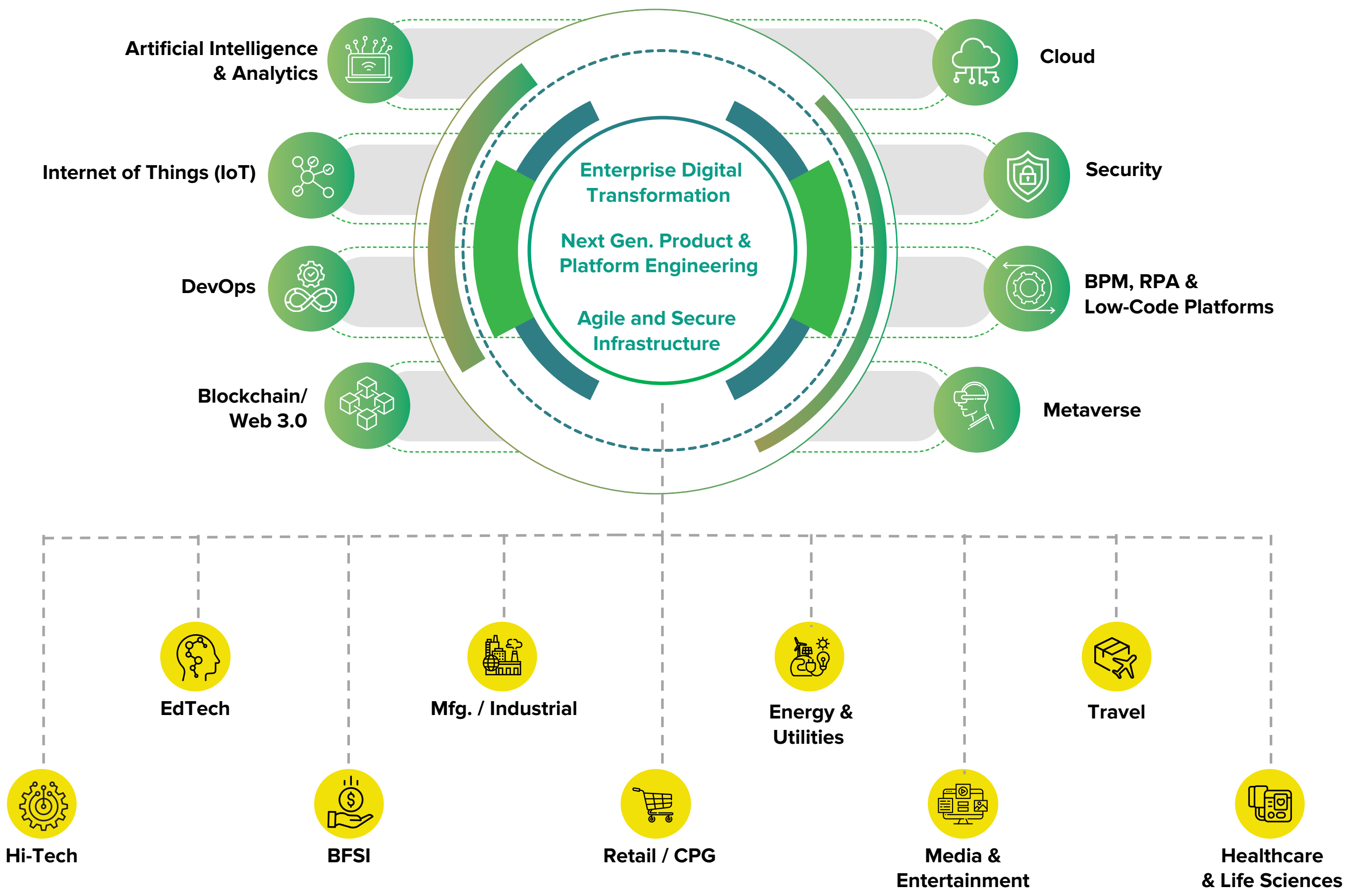
- Multi-year partnerships with global Independent Software Vendors (ISVs) for software products, to ensure high configurability and operational performance of our solutions to address diverse needs
- Top-notch software engineering talent, knowledge of modern methodologies and productivity tools, and strong project management practices
- End-to-end capabilities across software development lifecycle and ongoing support



Our Multi-Technology and Multi-Industry Capabilities

Our multidimensional technology expertise and domain knowledge enable us to help enterprises achieve digital transformation, support engineering of next-generation products and platforms, and ensure that their infrastructure is agile and secure. This positions us at the forefront of driving change and innovation in the industry.

Our wide-ranging abilities



Stepping-up to Capitalize on Generative AI and ChatGPT Opportunity

Generative AI, especially Transformers, has revolutionized the industry by showcasing the creative potential of AI beyond predictions. It has a history of over five years, beginning with Generative Adversarial Networks (GANs) and deepfakes, and evolving into the Transformer model, before culminating in GPT. OpenAI's ChatGPT is a major milestone in this area.

Text, images, and videos are among the many applications of Transformers, drastically shortening time to build AI-based applications. It has opened endless possibilities from content creation and product development to marketing and beyond.

Generative AI Use Cases

EdTech

- AI tutor as a cost-efficient and effective way to mentor students
- Instructor Assistant for better pedagogy to provide real-world conversation experience
- Flash card creation and personalized student summaries for better learning outcomes
- Creating personalized easy-to-consume educational content (Audio/Video/Content)

HealthTech

- Research and analysis of medical data including specific medical conditions, treatments, drugs, or clinical trials
- Extracting structured patient data from various (unstructured) documents

BFSI

- Investment advice to asset managers by analyzing the current financial situation and investment objective
- Compliances and regulatory mandates

Other Common Applications

- Video generation using textual content, summarizing an article, virtual assistant and language translation
- Create additional information automatically by giving core information
- Information extraction (unstructured to structured data) from free-flow documents like resumes and medical reports

Happiest Minds Generative AI Approach

At Happiest Minds, we have explored various applications of Generative AI, including GAN for advertising, transformer-based models for semantic search, and Q&A generation to enhance customer engagement. More recently, we have delved into its latest models and developed a comprehensive approach encompassing text, image, and video data. We are focused on two use cases: (1) generating text and numeric data for AI training and (2) developing downstream applications.

The approach has enabled us to generate large-scale datasets with minimal data, a critical aspect of machine learning training. Additionally, we have aligned with industry problems such as detecting fake reviews on e-commerce websites and converting 2D images to 3D, that find applications in retail, marketing, industrial, automotive, and healthcare sectors. These enabled us to develop practical and impactful AI solutions using GAN and Transformer Technologies.

Building capabilities and training engineers

Following ChatGPT disruption, we are now concentrating on building technical capabilities/use cases around it, including deepening understanding of Large Language Models (LLMs), POCs, and training people to be ready.

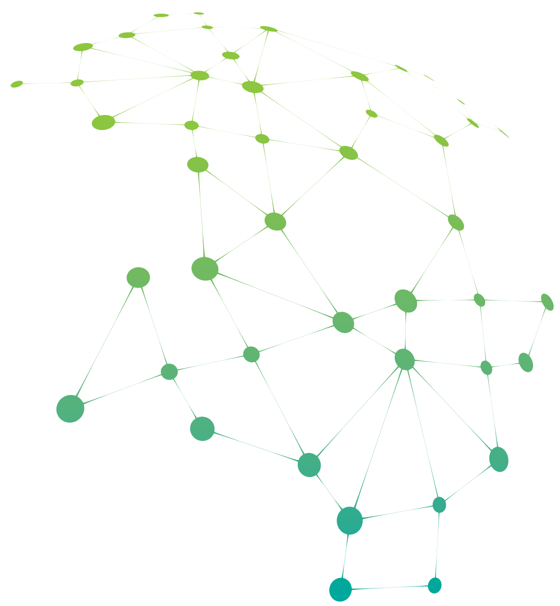
We have formed a focused team to research this area, especially:

- To provide more relevant and personalized search results for all domains
- Fine-tuning models to specific tasks or domains, with focus on EdTech and BFSI
- Integrating productivity improvement use cases like code correction/generation, automated testing, etc. in the engineering process. The quality Engineering team is exploring opportunities to expedite test cases generation and automation for efficient troubleshooting and validating fixes
- Evaluating Open Source LLMs like LLaMa, BioBERT, FinBERT, etc. to understand data generation quality

Gearing for future

The space of Generative AI, Transformers and LLMs are rapidly evolving, and open-source models hold promise for new use cases and continued advancement. ChatGPT, being an AI language model, is constantly evolving and improving. New image-based Generative AI like Dall-E have also emerged, enabling interactive content creation.

Our dedicated task force is constantly tracking latest developments, including technological advancements, competitors move, changes in customer needs, etc. based on which we will evolve our Generative AI strategy.



UNLOCKING POTENTIAL WITH INNOVATION EXCELLENCE

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

Agile Engineering and Delivery

We have established an agile delivery framework which enables us to effectively leverage our diverse technology and tool competence to deliver quality and best-suited software rapidly. It involves experimenting with the latest tools, selecting the right technology to deliver innovation and scaling it to deliver tangible outcomes to customers.

Our robust engineering and delivery framework

Experimentation with the latest proprietary tools and techniques

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

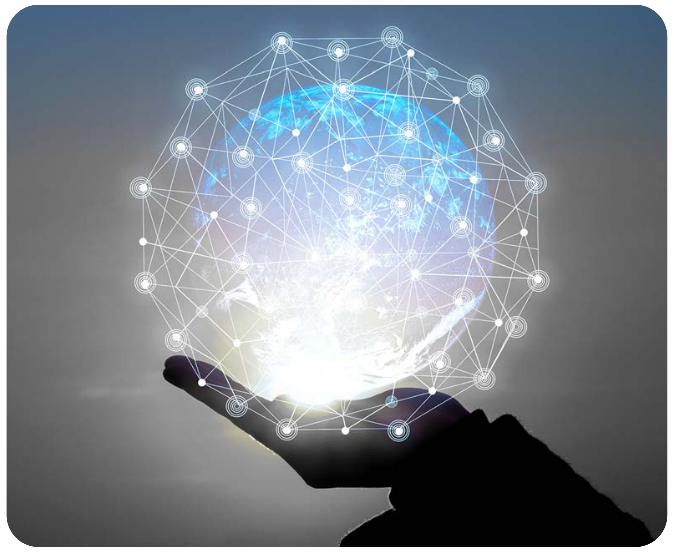
Scaling across the spectrum (from ideation to production) to deliver tangible outcomes to customers

Lower risks. Better control and visibility across the project lifecycle.

Technology Expertise at Happiest Minds

R&D is central to our ability to help customers stay ahead of the evolution and win in a competitive marketplace. We make substantial investments in R&D and building capabilities in emerging technologies. Some of the key areas where we excel include:

- Supporting mobile connectivity with other devices, social media, big data analytics and cloud delivery
- Enterprise digital transformation, next-generation product and platform engineering and secure infrastructure delivery capabilities
- Internet of Things (IoT), DevOps and Robotic Process Automation (RPA), Software Defined Networking/Network Function Virtualization (SDN/NFV), Big Data and Advanced Analytics, Blockchain/Web3.0, Cloud, Business Process Management (BPM) & Security, Drones and Robotics, ChatGPT (LLMs) & Quantum Computing



Nurturing R&D Excellence with CoEs

Four Centers of Excellence (CoEs)

- Nurturing a culture of learning and development and innovation to fortify expertise in niche dedicated focus areas

- Supporting our businesses in developing unique solutions

Cyber Security

- Governance, Risk, and Compliance for digital transformation
- Securing next-gen infrastructure including Cloud, Serverless and Data
- Data and Information Security, Privacy Management
- Advanced Threat Management for applications and infrastructure
- Integrated Incident Detection and Response services for IT/OT/IoT Environment
- Automated User Access and Life Cycle Management

Digital Process Automation (DPA)

- Process & task automation using RPA tools
- Business process automation using BPM tools
- Rapid application development using LC/NC platforms
- Intelligent document processing using OCR tools

Internet of Things (IoT)

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

Analytics / Artificial Intelligence (AI)

- Data strategy
- BI Modernization
- Modern Data Platform design & development
- Advanced analytics using AI/ML models
- Bio-informatics & healthcare analytics

Proprietary Platforms Powering our Expertise

Ellipse: A modular ITSM/ITOM-enabled platform with analytics and machine learning capabilities and facilitating artificial-intelligence-enabled IT operations (AIOps). It ensures agile infrastructure operations and IT-as-a-service journey acceleration.

Digital Content Monetization (DCM) SaaS: An AI-powered engine to efficiently monetize enterprise content and digital assets, ensure personalized and contextualized knowledge delivery, low TCO and faster time-to-market.

UniVu: A big data-based university analytics solution for course delivery, administrative insights and student success analytics. It integrates siloed data to provide actionable and predictive insights using predefined or customizable KPIs.

Pro-RiTE: A test automation framework using model-based system engineering for UI, API and performance security testing with optimized data feeds. It ensures predictable quality and eliminates mundane test scripting for shorter feedback cycles.

ThingCenter: A unified Consumer IoT Platform for device connectivity and management, enabling manufacturers to securely aggregate data from various devices, get valuable insight and take corrective actions for increasing productivity.

CourseMap: An online AI-powered degree planning tool that helps students to plan optimal paths to achieve academic goals with evidence-based decisions about course choices and scheduling. It helps them take charge of their goals and advisors to focus efforts on providing holistic mentoring.

Nethra: A Computer Vision framework for parking space monitoring and management including license plate recognition, payment kiosk and boom barrier tampering and tracking of available slots using real-time video feed.

DEEP AND GROWING CLIENT RELATIONSHIPS

Our capabilities to deliver exceptional outcomes with unparalleled excellence in delivery makes us a trusted partner to world's leading enterprises. Each year, we continue to add new clients to the roster while also maintaining and growing relationships with existing ones. It ensures sustained business and growth visibility.

Top-rated Clientele

As of March 31, 2023, we had 237 active clients at a 91% repeat rate. The year saw us add 46 new clients and bagging prestigious orders from both new and existing ones. Our clientele includes 55 Fortune 2000/Forbes 200 billion $ corporations. 43 of our clients gave a million $ plus.

Led by our land and expand strategy, involving retaining and growing relations with clients, we have grown average revenue per customer by 3.7% to ~US$803,000.

237
Active clients (↑ 31)

46
New client wins

91%
Repeat business
(↑ 6 percentage points)

55
Fortune 2000 / Forbes 200 Billion $ corporations (↑ 1)

43
Million $ client (↑5)

US$803,000
Average revenue per client
(↑3.7%)

SYNERGISTIC COLLABORATIONS AND PARTNERSHIPS

Alliances are critical for business relevance, growth, and sustainability. At Happiest Minds, we have partnered some of the globally leading technology providers. With the combined competencies, we build industry-leading solutions and accelerators and extend support to make impact in the tech ecosystem and to mutually gain a wider reach and competitive edge.

Our partner ecosystem

aws (Advanced Consulting Services Partner)

Rationale
Help customers to leverage our smart products and systems using the AWS IoT stack, and unlock the potential of enterprise modernization using AWS PaaS, cloud offerings and data platform modernization

Key highlight
Built specialized industry solutions such as Think Center IoT Platform, enabling appliance manufacturers to realize smart and connected products.

servicenow (Premier Managed Services Partner)

Rationale
Managed Services

Key highlight
Offering end-to-end services for ServiceNow's solution to accelerate digital transformation, enabling ITSM, ITOM, ITAM, TPSM, HRSM, ITBM, and investments in emerging spaces like GRC, SecOps, Automation, and LCAP.

Microsoft (Member of the Microsoft Cloud Partner)

Rationale
For web & application innovation, data & AI, Azure infrastructure, and modern workplace streams

Key highlight
Built specialized industry solutions that accelerate Microsoft stack adoption within enterprises, and offering services for connected products development, automation security operations, identity and access management and O365 transformation.

outsystems (Strategic Partnership)

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

Key highlight
Rapid rolling out of new functionalities to maintain customers. We have a joint GTM strategy with access to each other's sales and solutions teams.

PIMCORE® (Strategic Partnership)

Rationale
Joining capabilities in architecting data solutions, designing experiences, managing/consolidating applications, and engineering products to solve client's critical challenges.

Key highlight
Offering specialized service solutions in open-source PIM/MDM integrations, digital media asset management, transformation, and deployment, automating open source CMS/UX, and open source and customized e-commerce framework. We have delivered ~300 projects in 7+ years through 150+ consultants.

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

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FOCUSED MERGER & ACQUISITION (M&A) STRATEGY

M&A is an important part of our growth strategy led by a well-defined approach aimed at bridging gaps in emerging technology areas and deepening expertise in existing areas. It allows us to provide a better, more comprehensive and innovative offering to our clients.

A rich history of M&A

Over the last few years, we have acquired various companies which have helped in deepening our domain and technology capabilities, scaling operations and providing access to key markets. These include:

- OSSCube – It is a consulting-led digital transformation and modernization service provider with competencies in cloud, big data, e-commerce, enterprise mobility and open source. It enabled us to strengthen our digital business services vertical.
- Cupola – It is an IoT solutions and services provider for industrial, telecom, smart homes, wearables, logistics and smart cities. It helped strengthen our IoT CoE.
- Pimcore Global Services (PGS) – PGS and Happiest Minds are both strategic partners to Pimcore, Austria. Our acquisition of PGS, expanded our delivery competencies, making us Pimcore's largest offshore implementation partner.

Successful M&A track record at Happiest Minds

4

Acquisitions (OSSCube, Cupola, Pimcore Global Services and Sri Mookambika Infosolutions)

Making strategic acquisition of Sri Mookambika Infosolutions

In FY 2022-23, we acquired Sri Mookambika Infosolutions (SMI) for an equity consideration of ₹11,132 lakhs. A CMMI Level 3 and ISO 9001:2015 certified company, it provides product engineering services to US customers around Enterprise Applications & Integrations, Digital Data Platform Services (Analytics, Data Strategy, AI / ML, User Experience), Mobility Services and DevSecOps. It has deep domain expertise around the healthcare vertical.

SMI Acquisition Rationale

01 Adding competencies to our healthcare vertical

02 Alignment with Product Engineering Services business will further strengthen our offering to the market

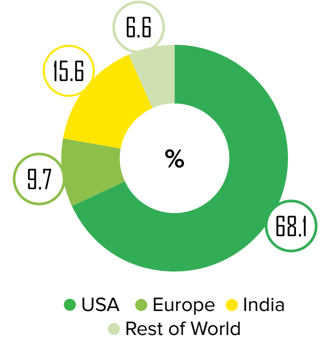
03 Access to 400+ skilled people

04 Enable delivery capabilities in tier-2 locations like Madurai and Coimbatore

SCALABLE BUSINESS MODEL

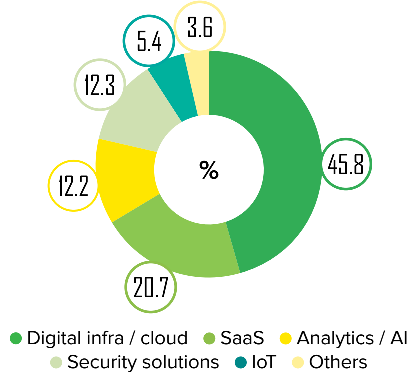
Our robust business model empowers resilience and growth through essential diversification across verticals, technologies, customers and geography, ensuring secure revenue streams and scalability. The advantage of being based in India with a large pool of skilled professionals and high offshoring model further ensures industry-leading margins and lucrative opportunities.

Revenue by Geography



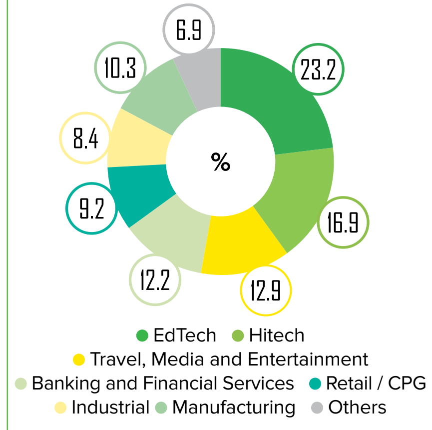
The USA is our primary market and amongst the largest IT spenders globally. We have added two more offices in this location to better serve customers. We also continue to grow execution capabilities in other countries from where increased demand is coming.

Digital Revenue



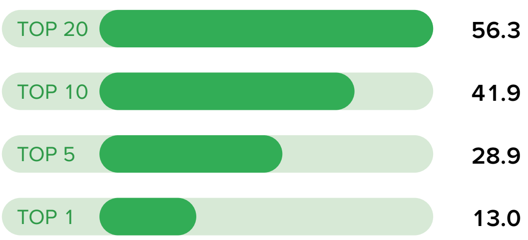
We have competencies in multiple technologies, including emerging ones, which we continue to nurture through skill development. These are spending focus areas for companies to gain competitive business advantage, and offer huge opportunities.

Revenue by Vertical



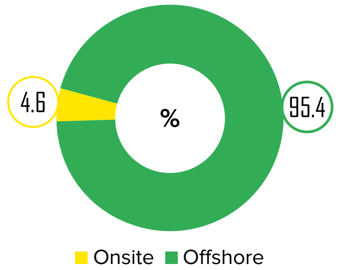
We have domain knowledge and solution delivery capabilities across diverse sectors. It provides exciting opportunities to participate, arising from them.

Client Revenue Concentration (%)



We have 237 active clients as on March 31, 2023, spread across verticals, offerings and geographies. We leverage our land and expand strategy to continually grow business from each client.

Onsite/Offshore
(by number of employees)

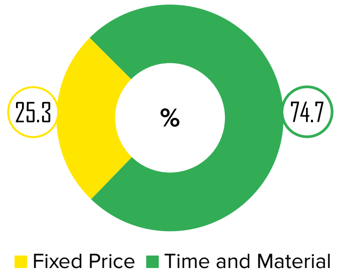


A higher offshoring mix provides the advantage of low overheads and a talented pool of engineers make us an attractive partner.

Million $ Customers

Our focused land and expand strategy enables us to consistently increase our million $ customer count.

Contract Structure



VALUE CREATION MODEL

DESIGNED TO CREATE VALUE SUSTAINABLY

INPUT

Financial Capital
- Net Worth: ₹83,882 lakhs
- Cash and Cash Equivalents ₹78,945 lakhs

Manufactured Capital
- Plant, Property and Equipment: ₹13,274 lakhs
- 4 Centers of Excellence (CoEs): IoT, Analytics/Artificial Intelligence, Digital Process Automation and Security
- Delivery centers: 3
- 19 offices/presence in 7 countries

Intellectual Capital
- R&D expenditure: ₹1,712.4 lakhs
- IPs/Solution Accelerators: 7

Human Capital
- Happiest Minds: 4,917
- Employee Benefits Expense: ₹80,681 lakhs
- Diverse and Inclusive Workforce
- Total Training Hours: 124,238 (excluding mandatory)
- Average training hours per Happiest Mind: 29.9

Social and Relationship Capital
- Focused partnerships with NGOs to support community and environmental initiatives
- 207 interactions with analysts, investors and shareholders
- Active customers: 237

Natural Capital
- Vision to be Carbon Neutral by 2030
- Energy-saving initiatives and optimization
- Promoting responsible use of water in-house and through community initiatives
- Optimizing business travel
- Water consumption: 4,173 KL
- Energy consumption: 12,262.5 GJ

OUR OPERATING MODEL

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

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

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

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

OUTCOMES

Financial Capital
- Operating Revenue: US$177.8 Million (↑21.2%)
- Total Income: ₹145,040 lakhs (↑28.3%)
- EBITDA: ₹37,997 lakhs (↑28.9%)
- PAT: ₹23,099 lakhs (↑27.5%)
- Free Cash Flows: ₹36,480 lakhs
- RoCE & RoE: 33.1% and 28.1% respectively
- Market Capitalization: ₹11,27,692 lakhs
- Earnings per share (Diluted): ₹16.01
- Dividend per share: ₹5.40

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

Intellectual Capital
- Expertise in Internet of Things (IoT), DevOps and Robotic Process Automation (RPA), Software Defined Networking / Network Function Virtualization (SDN/NFV), Big Data and Advanced Analytics, Blockchain, Cloud, Business Process Management (BPM) and Integration, Security
- Won multiple recognitions (Read Pg 101)

Human Capital
- Women representation: 27% (26%)
- Diverse workforce including 10 nationalities
- Great Place to Work® Institute (GPTW) recognition: Among the Top 15 of India's Best Workplaces in Health and Wellness

Social and Relationship Capital
- Net Promoter Score: 60
- Million $ customers: 43
- Repeat revenues: 91%
- Total CSR Spend: ₹333 lakhs

Natural Capital
- Total emissions (Scope 1 + Scope 2) = 2,432.32 tCO_2e (907.03 tCO_2e in FY22)
- Total water recycled: 58.31%
- Electricity generated from Renewable Energy (Solar) - 141,932 kWh

AWARDS AND RECOGNITIONS

EXCELLENCE RECOGNIZED ACROSS MULTIPLE PLATFORMS

Among Top 10 India's Best Workplaces in Health & Wellness 2022

Among Top 50 India's Best Workplaces for Building a Culture of Innovation 2023

Among Top 100 Best Workplaces in Asia 2022

Among Top 50 India's Best Workplaces for Women 2022

Among India's Top 25 Best Workplaces in IT & IT-BPM 2022

Prestigious Golden Peacock Award for Excellence in Corporate Governance 2022

ICAI Award for Excellence in Financial Reporting 2021-22

GOLD for 2022 Integrated Annual Report from the League of American Communication Professionals (LACP)

Leading CFO of the Year at the CII CFO Excellence Awards 2022 to Happiest Minds' MD & CFO, Mr. Venkatraman Narayanan

Multiple awards at the ICSI National Awards 2022

Best Governed Company in Listed Segment: Medium Category for Excellence in Corporate Governance 2022

Governance Professional of the Year to CS Praveen Kumar Darshankar

ICSI Lifetime Achievement Award for Excellence in Corporate Governance to Executive Chairman Ashok Soota

CULT.fit "India's Fittest Disruptors 2022" Award

Finalist for the 2022 Microsoft Power Automate Partner of the Year Award

Prestigious CII Quality Ratna Award 2021 to Ashok Soota

INDIA'S BEST COMPANIES TO WORK FOR 2022

#29 in India's Best Companies To Work For 2022

Winner at the ET DataCon Awards 2022 to AI/Analytics CoE

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STRATEGIC REVIEW

STAKEHOLDER ENGAGEMENT

ENGAGING AND INNOVATING TO CREATE VALUE FOR ALL STAKEHOLDERS

Stakeholders are key to achieving business objectives and driving long-term value as they provide critical insights that help shape our strategy. We adopt an inclusive approach to build deeper relations with them as well as balance their needs and expectations with that of the business.

Our stakeholder engagement process is focused on their identification, consultation, prioritization, collaboration, engagement, and reporting. While we deal with multiple stakeholders, it is only those who add value to our business and are critical to our value creation that are key. We identify them through an exercise undertaken in consultation with our leaders. We understand their expectations & concerns and address them accordingly. This helps in the prioritization of strategy, policies and action plans in the environment, economy, and society.

Key Stakeholders	Customers	People	Shareholders & Investors	Alliance Partners	Community	Vendors	Government and Regulatory Bodies
Channels of Engagements	Project-related calls, and meetings; project management reviews; relationship meetings and reviews; executive meetings and briefings; customer visits; responses to RFIs/RFPs; sponsored events; mailers; newsletters; brochures, Company website; social media (LinkedIn, Twitter, Facebook, Instagram); Customer Happiness Surveys; sponsored community events	Town halls; project or operations reviews; video conferences; audio conference calls; PEP; Yammer (employee forum); one-on-one counselling; iAppreciate (Portal for employee appreciation); Leave donation scheme (Donating Leave for fellow Employees in need); Wellness programs; Employee Engagement programs; Annual reviews; Employee Committees	Press releases and press conferences; email advisories; in-person meetings; investor conferences; disclosure; social and environmental sustainability, financial statements in IND AS and IFRS; earnings call; exchange notifications; press conferences; Investors page, on our website Annual General Meeting; Annual Report	Meetings/calls; visits; Partner events; Conference calls; Business reviews	Presentations; Project meetings; Reviews; calls and meetings; surveys; consultative sessions; field visits; due diligence; conferences and seminars; surveys; press releases; press conferences; sponsored events; contribute time and financial resources in a social cause, actively engage, participate and support social and environmental causes and associate with organizations working towards this goal	The Company has conducted a vendor satisfaction survey during the year and are in the process of implementing the Vendor Audit and the Self-assessment questionnaire on ESG	Inputs towards drafting new policies, rules & regulations
Concerns and Expectations	• Our initial objective was reaching a Net Promoter Score (NPS) of 55 by the year 2026. We have exceeded this target by achieving a remarkable NPS of 60 during the current financial year • 95% or more customers • Scored 7.86 on a 9-point scale in the Customer Happiness survey • Repeat business of more than 91%, reaching 95% plus by 2031 • Track Value Adds with 30% customer coverage every year	• Effort toward personal well-being and happiness since the date of joining the Company • Create an atmosphere to be recognized as amongst the top 3 places to work in the Indian IT services industry	• To uphold highest standards of Corporate Governance • Transparency and disclosure • Establish leadership in Environmental, Social and Governance standards	• To drive active innovation and enhance partnerships • Demonstrate proficiency to be a partner for digital technologies	Being a responsible Corporate Citizen, we support community partnerships for food & nutrition, environmental sustainability and healthcare	• Implementing fair and sustainable business practices • Demonstrating effective governance • Scaling business opportunities and maintaining sustainability of demand • Creditworthiness • Promoting small businesses	Participate in National economic development
How Happiest Minds is Addressing	• Improved execution capabilities and skills of people to deliver projects on time • Strong cyber security solutions implemented to protect data	• 83 wellness programs in FY 2022-23 to address 7 aspects of wellness i.e. physical, spiritual, intellectual, professional, social, emotional and environmental wellness • 591 Happiest Minds were trained for multiple niche skills • Multiple programs to support gender, cultural, generational and ethnic diversity	• Maintained industry-leading performance with superior margins • Devised strategy for long-term growth • Established ESG policy to drive business resilience	• Premier vendor relationships with dedicated support • Provide ready availability of skilled resources and privileged access to IPs, labs and infrastructure	Supported various partner organizations to improve food & nutrition, environmental sustainability, and healthcare	• Ensured fair and transparent onboarding and payment terms • Supporting suppliers with training and skill-building	• Transparent reporting of financial and non-financial performance as per GRI standards • ESG action plan created
Frequency of Engagement	• As needed/Continuous/Annual	• Continuous/Annual	• As needed/Quarterly/ Continuous/Annual	• As needed	• As needed	• As needed	• As needed

ADDRESSING THE MOST CRITICAL MATTERS

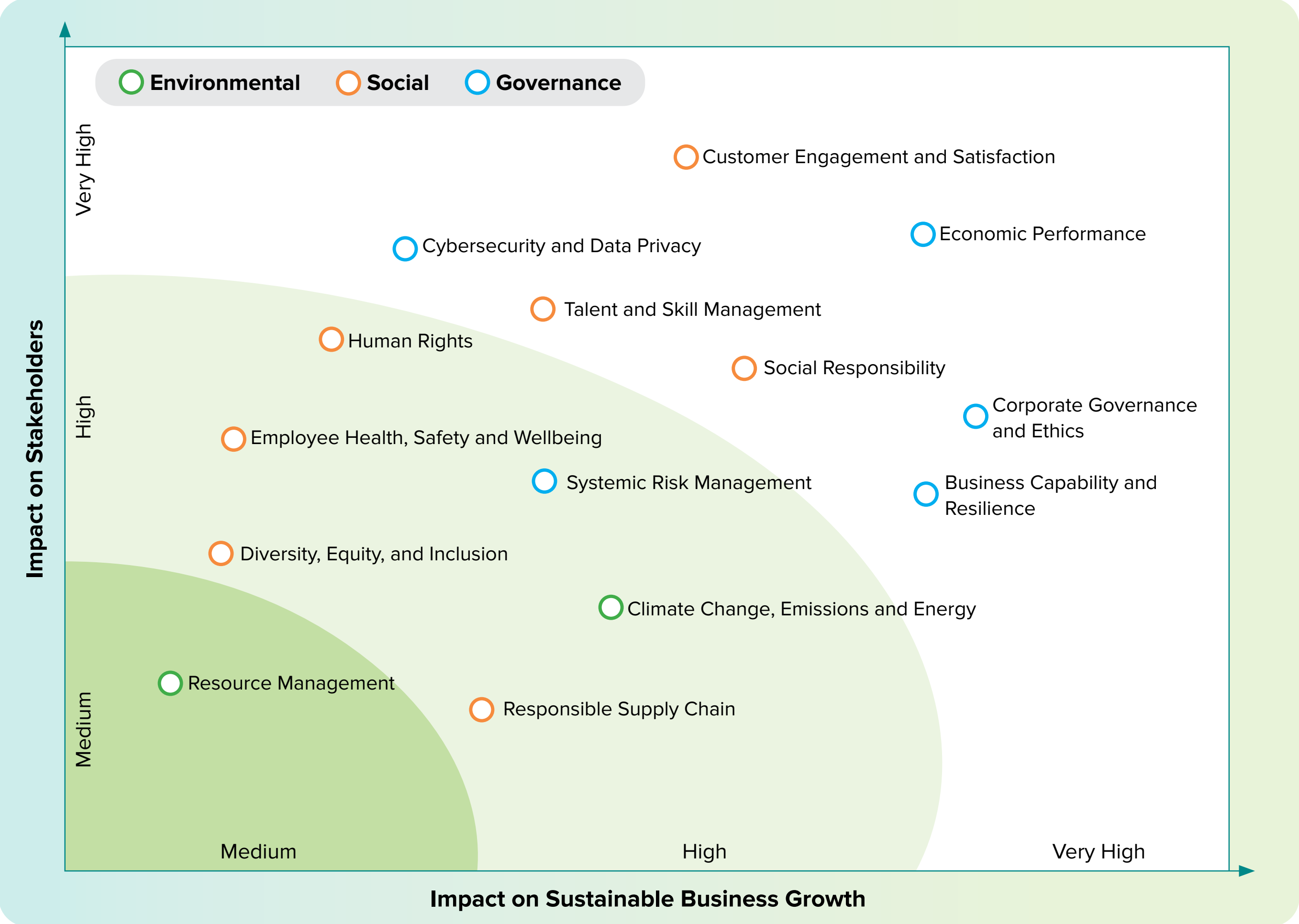
Our long-term success depends on our ability to create a circular economy and engage in designing ways to align business performance with the stakeholders' expectations. We have therefore prioritized understanding the Environmental, Social, and Governance (ESG) issues most important to these groups, enabling us to cater to their needs and concerns by engaging productively and managing our business efficiently.

Materiality Determination Process

We undertake a materiality assessment every three years and review it annually to define ESG issues most significant to us. It also helps us evaluate the most pressing matters affecting our internal and external stakeholders, their perception of various ESG factors that influence the value chain and how they translate into risks and opportunities for our business today and in the future. It allows us to prioritize our focus areas, capture our impact on non-financial matters, and guide our strategic planning.

During FY 2022-23, we thoroughly reviewed our materiality assessment report to identify gaps and align stakeholders' interests. We have further sub-categorized material issues, as disclosed in the previous financial year, to focus on each of our material concerns.

Materiality Matrix



Material issue	Matter of risk or opportunity and the context	Approach to adapt or mitigate
ENVIRONMENTAL		
Climate Change Capitals impacted: Financial, Social and Relationship, Natural	**Risk** It poses physical and transition risks to our business. It can also impact our strategy and financial resources, and the well-being of Happiest Minds and customers. **Opportunity** It offers opportunities to drive innovations in energy efficiency and renewable energy.	• We have implemented Board-approved ESG policy to enable a low-carbon and resource-wise economy, with all initiatives being reviewed by a Board-approved, management-level ESG committee • ESG aspects, especially aligned to climate neutrality, are integrated in all business decisions and activities and achieved by leveraging innovative technologies, renewable energy, and upgrading to efficient systems • We support customers' business transformation to lean, energy-efficient, and cloud-based digital model, and help embracing technology-led green solutions • Vendors are encouraged to embed ESG aspects in business
Resource Management Capitals impacted: Social and Relationship, Natural	**Risk** Inefficient resource consumption can lead to their depletion and derogation and can also pose a threat to the security of societies who depend on such resources.	• We undertake efforts to restore the environment by utilizing optimally and responsibly using resources while following the principles of reduce, reuse and recycle • Our born digital and born agile approach ensures end-to-end capabilities across digital lifecycle ensuring minimal paper consumption • We use solar energy and have invested in energy-efficient systems to conserve energy
SOCIAL		
Customer Engagement and Satisfaction Capitals impacted: Financial, Social and Relationship	**Opportunity** Engagements help understand and address the concerns of customers and assist in meeting their evolving requirements. A happy and satisfied customer results in repeat/increased business from them as well as referrals.	• We follow the philosophy of happy people leading to happy customers • We undertake internal survey to gauge customer satisfaction, and our Net Promoter Score (NPS) of 60 and overall satisfaction level of 7.86/9.0 position us in the top tier • 91% repeat business and increase in revenue per client by 3.7% is a testament of customer delight
Diversity, Equity and Inclusion Capitals impacted: Intellectual, Human	**Opportunity** It helps attract talent with diverse ideas and perspectives, thus promoting innovations. It also helps in catering a diversified global customer base.	• We are positioned as an employer of choice, scoring high on all Great Place to Work® parameters through giving monetary and non-monetary benefits, undertaking engagements and conducting surveys • 27% diversity ratio

Financial Capital | Manufactured Capital | Intellectual Capital | Human Capital | Social and Relationship Capital | Natural Capital

Material issue	Matter of risk or opportunity and the context	Approach to adapt or mitigate
Employee Health Safety and Wellbeing Capitals impacted:	**Opportunity** It is critical to keeping employees motivated, enhancing their productivity, and influencing their retention.	• We provide multiple rewards and recognitions program to recognize employee efforts and ensure their well-being through various financial and non-financial benefits • We run a flagship wellness program – HappiZest – to address seven wellness areas of physical, spiritual, intellectual, professional, social, emotional and environmental
Human Rights Capitals impacted:	**Risks** Human risks comprise several Issues involving labor management, community rights, supply chain, security, health & safety, etc.	• We are aligned with international laws, principles, and norms, including those contained in the Universal Declaration of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, United Nations Guiding Principles on Business and Human Rights
Responsible Supply Chain Capitals impacted:	**Risk** Various operational, environmental, and social risks arise if supply chain management lacks transparency, difficulty of control, and, in many cases, a lack of trust. **Opportunity** Building a responsible supply chain provides many benefits such as improved continuity of supply, reduced environmental impact, protection against reputational risks, potential for new partnerships and business clients.	• We have developed a sustainable value chain framework to address issues such as climate change, water security, deforestation, human rights, fair labor practices and corruption, while carrying out routine focus on speed, cost, and reliable operations
Social Responsibility Capitals impacted:	**Opportunity** Positively touching communities ensures a social license to operate and strengthens our brand reputation.	• ₹333 lakhs spent on various support and developmental efforts with emphasis on environmental responsibility and driving inclusivity through Vasundhara initiatives • Enabling education by funding Akshaya Patra meals under Annapurna initiatives
Talent and Skill Management Capitals impacted:	**Opportunity** Talented and skilled people with niche competencies enable us to win deals and better service clients with top-notch quality, thus driving our business growth.	• We have a robust, technology-enabled system that enables attracting the right talent. At par with industry compensation structure, multiple benefits and happy work culture ensures high talent retention • 124,238 hours of learning and development were provided in FY 2022-23 to upskill and reskill people through diverse programs

Material issue	Matter of risk or opportunity and the context	Approach to adapt or mitigate
GOVERNANCE		
Business Capability and Resilience Capitals impacted:	**Opportunity** It enables us to adapt, integrate, and reconfigure internal and external resources and improve business continuity.	• We have deployed a risk-based approach to business resilience that incorporates a granular understanding of individual employees, departments, workplaces, and suppliers • Using AI, and machine learning to support adaptive risk mitigation models that drive through entire operations
Corporate Governance and Ethics Capitals impacted:	**Risk** It is critical to our Company's reputation, protecting stakeholder's interest, building and overseeing strategy for sustained performance and ensuring sustainable operations.	• Our robust corporate governance is underpinned by a solid governance framework, adequate board independence, and policies and process which ensures transparent, ethical and responsible business conduct and regulatory compliance • Governance practices recognized and awarded across multiple prestigious platforms • Robust enterprise risk management framework with consideration for ESG risks • Mandate for promoters to hold 40% stake to ensure perpetuity in the Company's vision and culture
Cyber Security & Customer Privacy Capitals impacted:	**Risk** We handle large customer data and face the risks of global scrutiny, access by government, cyberattacks and social engineering. This makes effectively managing and protecting data and taking remediation of data security threats crucial to secure ourselves and the customers, involving higher costs for enhancing compliance, identity protection and staff training. Inability to protect data can lead to fines, reputation damage and loss of customers and revenues.	• We have robust data privacy policies and Privacy Information Management System. We ensure high security through awareness training, proactive monitoring, endpoint and network security controls and implementation of data protection measures at our third-parties end Read more in risk management section. Pg 42
Economic Performance Capitals impacted:	**Risk** We are a publicly listed company and our stakeholders, especially the investors and shareholders, expect sustained performance improvement, value creation and long-term growth potential.	• Our robust business model with diversification across sectors, technologies, customer segments and geographies providing significant scalability potential • Our business approach of happy customers through happy people, long-term growth strategy and technology competencies are driving growth
Systemic Risk Management Capitals impacted:	**Risk** With computing and data storage moving to the cloud, programming errors or server downtime can create significant systemic risks, especially for financial institutions or utilities, that are a critical part of national infrastructure. It is important to invest in creating highly reliable and quality IT infrastructure and services.	• We have adopted a Secure Software development process which ensures identification and fixing of all security vulnerabilities prior to release. We further perform detailed security testing on the developed application / system

PROGRESSING TO SEIZE EMERGING OPPORTUNITIES

The world is evolving rapidly led by a dynamic geopolitical environment, pace of technological innovation, data proliferation, and disruptive market forces. These are necessitating companies to build resilience and become more agile in response. At Happiest Minds, we are rethinking our approach to do business and maximize opportunities to drive our long-term growth.

Economic Scenario

We are operating in a Volatile, Uncertain, Complex, and Ambiguous (VUCA) world. 2022 was yet another year marked by challenges like rising geopolitical tensions, rising inflation and interest rates and supply chain disruption, which impacted the economic activities and trade globally. The global GDP is estimated to have grown at a much subdued 3.4% in 2022, as per IMF.

Despite the challenges globally, the Indian economy remained resilient, recording an expected GDP growth of 6.4% in FY 2022-23. It is expected to remain agile and continue its growth trajectory in FY 2023-24 with improved consumer confidence and high-capacity industrial utilization.

Overall, the geopolitical situation in the world during 2023 is likely to be complex and multifaceted, with a range of political, economic, environmental, and social factors continuing to influence the global landscape.

Digital Gains Momentum in India

The growth in the Indian economy is being greatly driven by accelerated digital adoption and the need for a digital transformation, with customer-centricity for retention taking the spotlight. It is therefore necessary for technology and service providers to assess the impact of emerging technologies and trends on their business and align with clients to remain competitive.

As per NASSCOM's Annual Strategic Review report, within India, technology revenue is expected to grow by 8.4% to cross US$245 billion in FY 2022-23. The industry continued to be a net hirer, adding an expected 2.9 lakh employees this year, offering a value proposition of diverse ecosystem, young and high-quality talent pool, excellent physical and digital infrastructure, vibrant domestic market, and strong Government support. As per Gartner's 'Emerging Technology Horizon for IT Services, 2021' report, the demand for IT services is expected to accelerate due to the challenges in orchestrating technologies, people, and processes. It further identifies four key themes that are critical for product leaders to evaluate their competitive strategy: digital ecosystem, hyper automation, resilient delivery and culture and people. Deloitte Insights also highlights the importance of emerging technologies as-a-service in building and maintaining a competitive edge. Service-based IT allows adopters to access cutting-edge features and technologies, which is especially important as SaaS becomes more ubiquitous.

6.4%
GDP growth in FY 2022-23

Key trends are shaping the IT industry:

Increase in Technology Spend

Information Technology and Business Process Management (IT-BPM) is a growing industry with significant investment over the past few years. According to industry reports, the global IT-BPM market is expected to reach US$3.3 trillion by 2025, growing at a CAGR of 8.4%. This growth can be attributed to the increasing adoption of automation and digital technologies, as well as the rise of outsourcing and offshoring. India is one of the leading players in the IT-BPM industry, with a market share of over 55%. The country has and continues to attract significant investments from global corporations due to its skilled workforce, low labor costs, and favorable government policies. As per a recent report by NASSCOM, IT-BPM exports from India are expected to reach US$194 billion by 2025.

Urgency for Business Transformation

Unprecedented challenges across the global landscape along with the rising challenges are necessitating companies to become more agile and resilient. This has driven the urgency among them for selective digital transformation, adoption of automation and digital technologies to optimize their processes, improve efficiency, and achieve cost efficiency. Technologies with ground-breaking business implications include artificial intelligence (AI), augmented reality (AR), blockchain, drones, the Internet of Things (IoT), robotics, 3D printing, and virtual reality (VR).

Rise of Emerging Technologies

The IT industry is witnessing rising usage of emerging technologies such as artificial intelligence (AI), robotic process automation (RPA), big data, generative AI, blockchain and cloud services which are being embraced by both customers and companies. Cloud microservices platforms are projected to generate US$4.2 billion in revenue by 2028, up from US$952 Mn in 2020.

Further, other technology big bets like sensor tech, smart robots, autonomous driving, computer vision, deep learning, autonomous analytics, AR/VR, sustainability tech, edge computing, distributed ledger, space tech, and 5G/6G are areas where enterprise spend is expected to grow 2x higher than average. Investments in India in these sectors are expanding at 31% CAGR, driving a huge surge in the number of innovative start-ups in these areas and positioning the country attractively to benefit from the opportunities.

Outsourcing and Offshoring

Outsourcing and offshoring have been key drivers of growth in the IT-BPM industry. Companies are increasingly outsourcing their business processes to third-party service providers, which helps them to reduce costs and improve efficiency. The availability of cost-effective, yet skilled talent pools in countries like India, the Philippines, and China has made them popular destinations for offshoring, attracting significant investments from global corporations.

STRATEGY

STRATEGY FOR ACHIEVING VISION AND MAXIMIZING VALUE CREATION

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

LAND & EXPAND STRATEGY

Customer-centricity is key to our long-term growth, enabling us to retain and grow relations with existing customers and attract new ones. We focus on understanding and segmenting customers, sharing our brand's vision and value, and using our technology, delivery and engineering excellence to deliver high-quality services and unique experiences. Our prudent account management practices further allows early engagement with customers, showcasing our compelling value proposition, and gradually increasing our presence in their strategic initiatives.

Our efforts have resulted in ~90% of our revenues coming from repeat business, and an increase in average revenue per customer from US$634,000 in FY 2020-21 to US$803,000 in FY 2022-23. It has also enhanced our ability to generate references through word-of-mouth brand building and facilitating the acquisition of new accounts. Our strategy has driven our brand desirability, visibility, and credibility, enhancing our chances of success and increasing customer lifetime value.

We will continue to adopt a consumer-centric strategy through research, actionable insights, and realizable blueprints to position ourselves as a relentless, agile player in pursuing innovation and digital transformation.

PURSUE INORGANIC OPPORTUNITIES

Acquisitions have been key to scaling our technology capabilities and delivering better value to customers. Over the last few years, we have acquired companies like OSSCube, Cupola, Pimcore Global Services (PGS), Tech4TH and recently in FY 2022-23 Sri Mookambika Infosolutions which have significantly helped fill technology gaps.

As part of our vision for FY31, we will continue to selectively pursue inorganic opportunities to strengthen our technology capabilities to augment our delivery channels in both offshore and onsite and strengthen our proposition of consulting-led approach. We will be focused on targeting companies that can bring specialty and complementary skills, to strengthen our market position and open new possibilities to drive business growth. It will further enable us to explore opportunities for rationalizing resources, improving capacity utilization, and gaining economies of scale.

WIDEN DOMAIN AND TECHNOLOGY EXPERTISE

Our business expansion is driven by our diverse domain and technology expertise, which provides scalability and reliability. Over the years, we have built capabilities across BFSI, edtech, Hi-Tech, retail, manufacturing, travel and hospitality, and enterprise by recruiting experienced domain experts. We will continue to strengthen our expertise by recruiting more domain experts in each industry group and subgroup. A strong sales team backed by domain experts, will help us engage with our customers and prospects more effectively by rapidly anticipating their needs and demonstrating our value early in the sales cycle.

We are also continually scaling our expertise in emerging disruptive technologies by investing in skilling teams, entering alliances and pursuing inorganic opportunities, and increasing our R&D capabilities. Our identified areas are Generative AI, Low-Code/No Code and quantum computing, for which use cases and demonstrations have been done to showcase potential and suitability to customer's solutions.

We remain committed to exploring and building competence in new verticals and technologies to diversify and expand customer base, gain competitive edge and stay ahead of emerging trends.

SCALE GEOGRAPHICAL PRESENCE

Expanding footprint in key markets enables us to attract new customers, explore untapped revenue streams, stay ahead of competition and capitalize on new market opportunities. Over the years, we have successfully established a presence in major IT markets including the UK, the US, Canada, Australia, New Zealand, the Netherlands and Middle East which are being served through onshore alongside offshore offices in India across Pune, Noida and Bengaluru. In FY 2022-23, we expanded our presence by opening two offices in the US to better serve customers and entering tier-II locations of Madurai, Bhubaneswar and Coimbatore in India which will enable attracting cost-efficient and skilled talent.

Our team continues to explore opportunities to enhance presence in existing locations, while also identifying new growth markets globally.

INTENSIFYING GROWTH THROUGH SOLUTION ACCELERATORS

IPs are an integral part of our offerings to generate additional revenues. With niche IPs that can complement our existing services, our ability to deliver value to our clients are elevated. So, while innovation continues to drive growth, we create and monetize a successful IP strategy to ramp-up revenue.

Our strategy is to develop software platforms & components having high configurability and operational performance, so that it can address the needs of diverse end-users across multiple industries and environments. Our advantage of high quality and speed of delivery supported by engineering talent, proprietary software development lifecycle processes, applications and tools, and strong project management practices position us as an attractive partner and solution provider.

RISK MANAGEMENT

ENSURING EFFECTIVE RISK MANAGEMENT

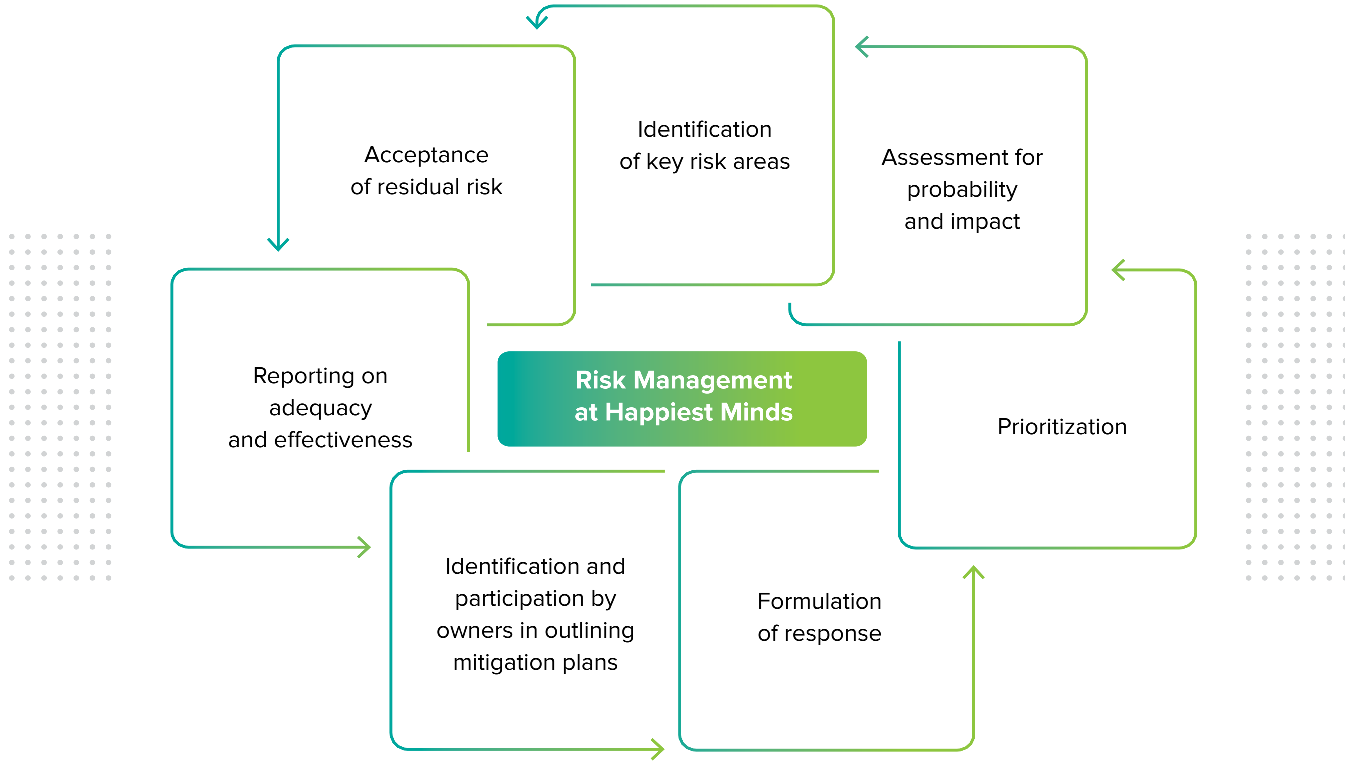
Effective risk management helps us manage the impact of events and attain business objectives. We ensure this with our robust risk management framework and a holistic approach of continually identifying, monitoring, evaluating and managing risks. Amidst the rising geopolitical tensions and supply chain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

Risk Management Framework

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

Our respective functions and project teams maintain risk registries, which are centrally reviewed and periodically monitored by compliance and governance teams responsible for specific risk areas. Further, risk appetite is defined, reflecting the broader risk level that we can assume and manage and factor it into our strategy.

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



Key Risks and Mitigation Actions

Risks	Mitigating Actions
Financial Risks	
Foreign currency fluctuation International operations account for a substantial part of our revenues, posing a threat of impact on profitability due to unfavorable movement in foreign currency.	• We manage FX risk in two ways: o Natural Hedge – Matching of payable and receivables in foreign currency to neutralize swings o Simple Derivatives – Using plain vanilla forward exchange contracts with maximum one-year residual life and structured ladder form for covering probable transaction/inflows
Customer credit Inability to obtain payments owed by our customers can impact our working capital cycle and lead to loss.	• We maintain short bill and collect cycles, with a strong focus on collection resulting in a low debtor days of 86 as on March 31, 2023 • We assess customer creditworthiness and adhere to contractual terms for timely collections
Availability of credit and liquidity management Inability to maintain optimum liquidity level may put us at risk of meeting future cash and collateral obligations.	• We focus on monitoring our positions and maintain adequate sources of financing through various banks under multiple banking arrangements • We have access to undrawn borrowing facilities

Business Risks

Risks	Mitigating Actions
Concentration of revenues We are dependent on a few customers and geography for most of our revenues. Inability to attract new or retain existing customers, or any unfavorable macro scenario in our key target market may impact revenues.	• Majority of our revenues come from the US. However, sustained growth in other regions has led to decline in US revenue share • We maintain close relationships and sustained engagements with customers to understand their needs • We leverage our extensive portfolio of offerings to cross-sell and upsell to existing customers as well as add 31 new clients
New and emerging technology disruption The IT industry is rapidly evolving, and inability to build new technology capabilities may impact new business opportunities.	• We have established competence in several next-generation technologies like blockchain, AI, drones and robotics, and EDGE computing among others • We have dedicated Centers of Excellence (CoEs) and enter into collaboration with globally leading firms to further build niche skills • We constantly run upskilling and reskilling programs to make employees future-ready
Profitability and sustenance of the business Increase in wages and inability to compute right contract pricing through various cost estimation may impact profitability.	• A large business is executed through offshoring from India, ensuring the advantage of lower wage costs • Expansion in tier II cities where people costs are lower further adds to low-cost advantage • We use the expertise of our team along with technology tools for cost estimations and contract pricing • Our ability to deliver high quality solutions ensure better pricing power
Business expansion Inability to bag new orders and enhance people's bandwidth will result in stagnancy. We are also faced with the challenge of contractual clauses which may restrict our ability to offer services to different customers.	• We continually enhance people assets (by attracting and retaining talent) to execute projects. In FY 2022-23, 749 people were added • We have successfully enabled clients to achieve tangible outcomes with our solutions, leading to sustained repeat and new orders • Our diverse technology and vertical capabilities enable participation in several new orderings. In FY 2022-23, we acquired Sri Mookambika Infosolutions which strengthened our healthcare vertical and aligns well with our Product Engineering Services business

Operational Risks

Risks	Mitigating Actions
Talent availability We are dependent on their talent to deliver solutions to clients. Inability to attract and retain talent may impact business opportunities.	• We are based in India, giving us access to a large pool of talented engineers. Our robust talent management program enables hiring right talent and skilling them • We offer learning and development programs for skilling and ensuring enhanced career opportunities • We run several wellness programs, offer benefits and industry-standard compensation to ensure higher retention
Optimal resource utilization Inability to maintain high resource utilization and productivity will impact profitability.	• We consistently achieve high resource utilization by promptly transitioning employees from completed projects, accurately forecasting demand and deploying the right resources to right projects • Increased demand for IT products and services will further help improve utilization as more business opportunities come
Contractual commitments and project delivery challenges Inability to maintain contractual commitments may lead to termination of agreements and future business opportunities.	• We ensure high-quality control and process execution standards, effective resource utilization, sustained client engagements and high productivity level to deliver projects • Our solid team of engineers and partnerships with leading global vendors enables us to deliver high-quality products and services as per terms and on a timely basis

Legal and Regulatory Risks

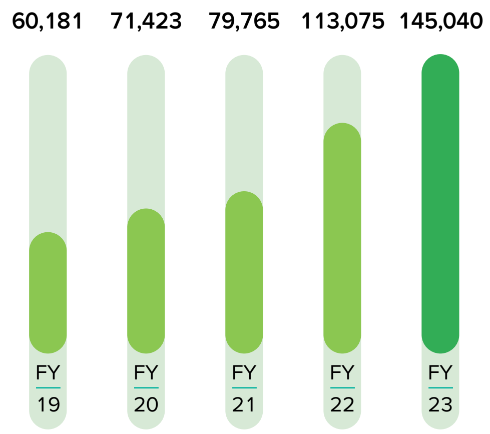
Risks	Mitigating Actions
Compliance with local legislation Non-compliance with the local laws of the region in which we operate may lead to litigation or cancellation of licenses.	• We have stringent policies and checks and an integrated compliance tool which ensures good governance and compliance with local laws supported by timely reminders and alerts • We consult and seek guidance from professional experts in certain cases for correct interpretation of local laws
Restriction on immigration or work permits We are dependent on our Indian people resources to deliver onsite support to clients. Any geopolitical tension or unfavorable change in immigration laws may impact project delivery.	• The present immigration scenario is mostly conducive in the countries where we operate. We keep track of the local immigration laws including for any regulatory changes/events due to geo-political reasons, to plan our activities • We monitor the time and effort spent by our employees onsite to avoid tax incidences
Data privacy and information security risks Inability to ensure the privacy of customer data and protect systems or clouds from cyberattacks may put us at risk of litigation.	• We have policies and procedures for information security and data protection (ISO 27001 and ISO 27701 compliant) and for data privacy comply (aligned to GDPR and CCPA) • We adhere to stringent regulations for handling customer data, which all employees follow along with a written confidentiality agreement. Further, all employees and partners need to attend mandatory security and privacy awareness programs to ensure compliance
IP risks Inability to protect our IPs may lead to opportunity losses. Further, we also face risks of non-compliance with third-party open-source software terms or IP infringement claims against our solutions, which may lead to discontinuance of service to clients and fines.	• We only use licensed third-party commercial software (monitored by in-house team) to avoid issues of infringement, warranties or other contractual protections. Open-source tools are used in certain cases with prior verification and approval by IT/legal team • We ensure developing novel solutions, and protect our technical know-how by registering intellectual property and by undertaking confidentiality obligations from all stakeholders involved in projects • We take necessary insurance to mitigate any eventualities related to IP risk • All Happiest Minds are made aware of the IP protection and sign IP declaration when joining

KEY PERFORMANCE INDICATORS

DELIVERING SUSTAINED PERFORMANCE WITH PRUDENT PRACTICES

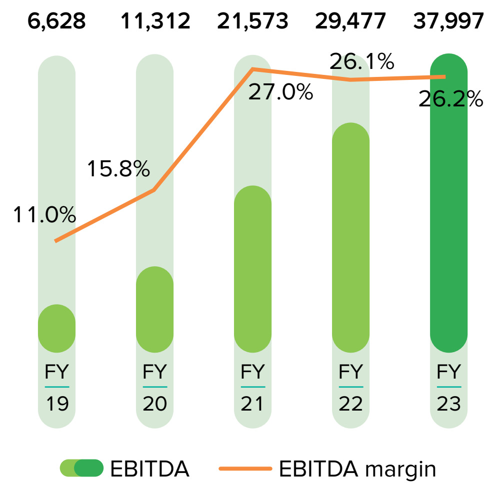
Prudent Financial Management Practices

Total Income (₹ lakhs)



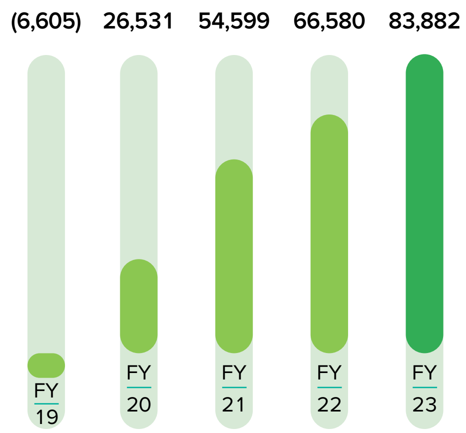
Total income increased by 28.3%, driven by strong growth across all business units and Centers of Excellence (CoEs).

EBITDA (₹ lakhs) **and EBITDA Margin** (%)

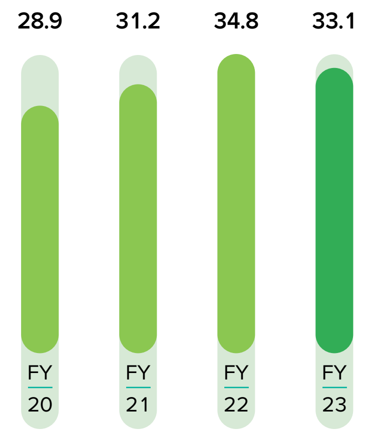


EBITDA grew 28.9% led by increased income. We continue to be amongst the top league of comparable companies in terms of margin.

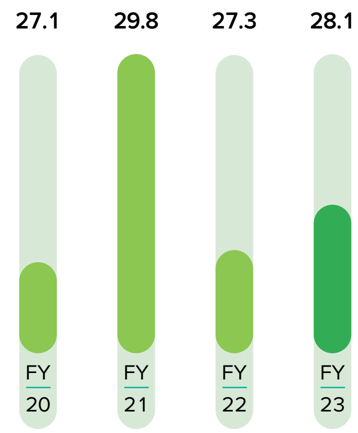
Net Worth (₹ lakhs)



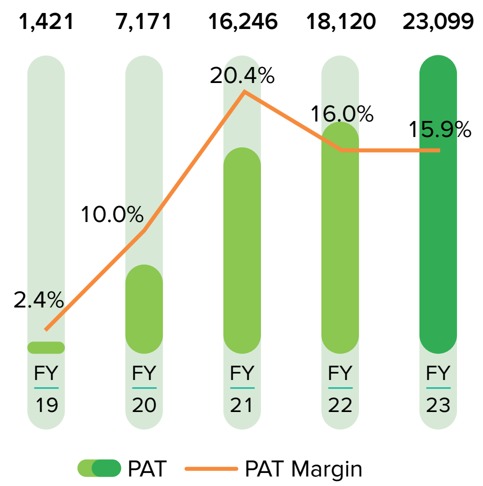
Return on Capital Employed (%)



Return on Equity (%)

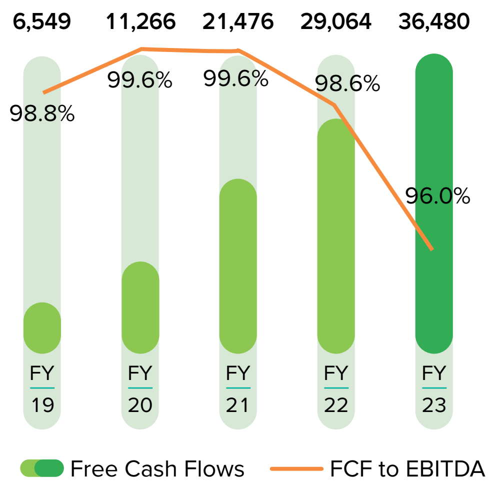


PAT (₹ lakhs) **and PAT Margin** (%)



PAT increased 27.5% in line with the revenue growth.

Free Cash Flows (₹ lakhs) **and FCF to EBITDA** (%)

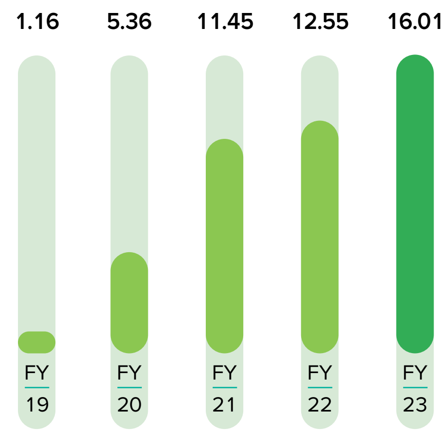


We maintained a strong cash conversion ratio of 96%, resulting in a 25.5% increase in free cash flows during the year.

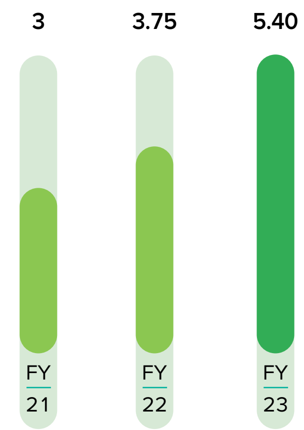
Shareholder Returns

At Happiest Minds, we remain focused on creating value for the shareholders on a sustainable basis. Our ability to continually grow revenue along with strong cash flow conversion capabilities, supports us to deliver better returns to the shareholder. In FY 2022-23, we declared a dividend of ₹5.40 compared to ₹3.75 in the previous year; during the same period EPS grew 27.6% y-o-y.

Diluted Earnings Per Share (₹)



Dividend Per Share (₹)



Market Capitalization (₹ lakhs)

BUSINESS SEGMENT REVIEW

BUSINESS SEGMENT REVIEW

PRODUCT ENGINEERING SERVICES (PES)

Engineering next-generation smart and connected solutions

₹69,165 lakhs

Revenue

47.7%

Revenue Contribution

Business Overview

We have extensive experience in engineering next-generation products and platforms across software and hardware, which fuel digital-led innovation. We offer end-to-end engineering services to develop high-quality, scalable and secure products. This is enabled by our expertise in both core and disruptive technologies (cloud, mobile UI/UX, hardware & embedded systems, DevOps, AI, blockchain, edge computing, drones, and computer vision) across sectors such as edtech, hi-tech, media & entertainment, healthcare & life sciences, and industrial & manufacturing. We combine our rich product engineering DNA with high customer centricity and a domain-led consulting approach that gives us a competitive edge and makes us the preferred digital engineering partner of our clients.

Our Service Offerings

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

EdTech
- Digital / AI-enabled learning
- Learning platforms
- Big data for education
- Learning credentials & integrity
- Digital campus

Media & Entertainment
- Digital media solutions
- Media services & solutions
- Quality of experience
- Sports entertainment
- Data analytics & augmented intelligence

Industrial & Manufacturing
- Consulting services
- Connected devices
- Intelligent platforms
- Analytics & visualization
- DevOps & automation
- Business specific app development
- Secure managed services

Hi-Tech
- Software products & platforms
- Telecom & networking
- Semiconductors
- Consumer electronics

Healthcare & Life Sciences
- Digital health
- Device engineering
- Health analytics
- Digital enterprise

BUSINESS SEGMENT REVIEW

Case Study

HELPING DOUBLEVERIFY BUILD THE FIRST ACCREDITED AD VERIFICATION SOLUTION FOR CONNECTED TVS AND OTT PLATFORMS

DoubleVerify provides solutions to brands, agencies, and publishers that increase trust in metrics related to digital advertising. With a rapidly growing market, DoubleVerify wanted to establish the highest levels of trust and transparency with its metrics, expand into new segments like CTV-OTT and achieve the requisite MRC accreditations.

Our approach:

Happiest Minds conducted a consulting exercise to understand DoubleVerify's product portfolio and processes, and devised a roadmap for achieving Level 4 maturity as per our proprietary Test Maturity Assessment (TMA) framework.

To overcome the complexity of innumerable ad-rendering scenarios, we developed mind-maps to depict the end-user's journey across the spectrum, providing greater visibility to agencies, client teams and auditors.

Business Value Delivered

The scalable framework accommodated multiple Ad Networks, leading to a 40% increase in transactions measured from 3.2 trillion to 4.5 trillion. It reduced time to obtain media rating council (MRC) accreditation by a year, resulting in accelerated time-to-market. It further enabled DoubleVerify in becoming the first accredited provider of solutions for CTVs and OTT platforms.

DATA PLATFORM FOR STUDENT PERFORMANCE ANALYTICS AND MITIGATING DROPOUTS

The client is one of the leading global providers of learning software solutions, focused on providing exam preparation courses for professional education and certifications like Nursing, Insurance and Real Estate. They wanted to create a data platform to help provide learner support to automatically identify at-risk students and initiate remedial action.

Our approach:

We embraced a consultative approach to work closely with customer teams and built a proof of concept (POC) to validate their student database with actual inputs. Real-time data streaming was used to capture live student behavior for predictions and remediation. Additionally, we built a visualization layer to display student performance trends and help instructors take corrective actions.

Business value delivered:

Our solution enabled the client to make sense of varied data sets. It helped reduce the turnaround time to identify at-risk students, reducing dropouts by 15-30%, and helping boost revenues. We developed an easily learnable model to provide for continuous calibration based on new data.

DIGITAL BUSINESS SERVICES (DBS)

Transforming businesses for success

₹43,070 lakhs

Revenue

29.7%

Revenue Contribution

Business Overview

We assist companies in their innovation and digital transformation journey supported by our Mindful 4E framework – Explore, Envision, Engineer, and Enhance along with a meticulous, efficient and result-driven process. It enables us to deliver Digital Capital at each step of this journey through outcomes and insights, thus helping them achieve business goals including growth, performance, and revenue. We further use API economy, next-gen tech, and insights, to enable them to provide better customer experiences, empower Happiest Minds, optimize operations, and help transform their business model via path-breaking innovations.

BUSINESS SEGMENT REVIEW

Our Service Offerings

We provide end-to-end digital solutions from innovating, building, maintaining, re-engineering, and migrating in the following areas:

Mindful framework-led strategy

- Digital maturity assessment
- Value creation opportunities and target state blueprinting
- Operation digitization
- Immersive experience
- Cloud migration
- Agile delivery transformation
- Product and application innovation and modernization

Digital products, platforms, and applications

- Product design and development (physical and digital)
- Digital platforms
- Intelligent edge
- Application innovation, modernization and migration

Digital factory-led organizations

- Quality engineering
- DevSecOps
- Enterprise applications
- Agility with reusability
- Insights-based dashboards

Digital experience-led transformations

- Immersive, phygital and omni-channel experiences
- Conversational interfaces
- Gamification
- Connected workforce

Cognitive intelligence and hyper-automation

- Process discovery and optimization
- Connected assets
- Smart and connected spaces
- Data modernization and visualization
- Data quality, governance, operations and commercialization
- Cognitive insights, testing and automation

Mindful and advanced technologies for digital future

- Blockchain
- AI and Computer Vision
- Virtual and Augmented reality
- Edge Computing
- Digital Twin
- Data Science as a Service (DSaaS)

INNOVATING FOR SAFER, HEALTHIER AND SUSTAINABLE SPACES

Happiest Minds collaborated with Morgan Sindall to develop an IoT and cloud-based platform to get real-time data on the health of properties and achieve net zero goals. The platform generates early alerts on the properties' health, energy use, thermal efficiency, air quality, carbon footprint, and damp and mold detection for timely resolution.

Business Value Delivered

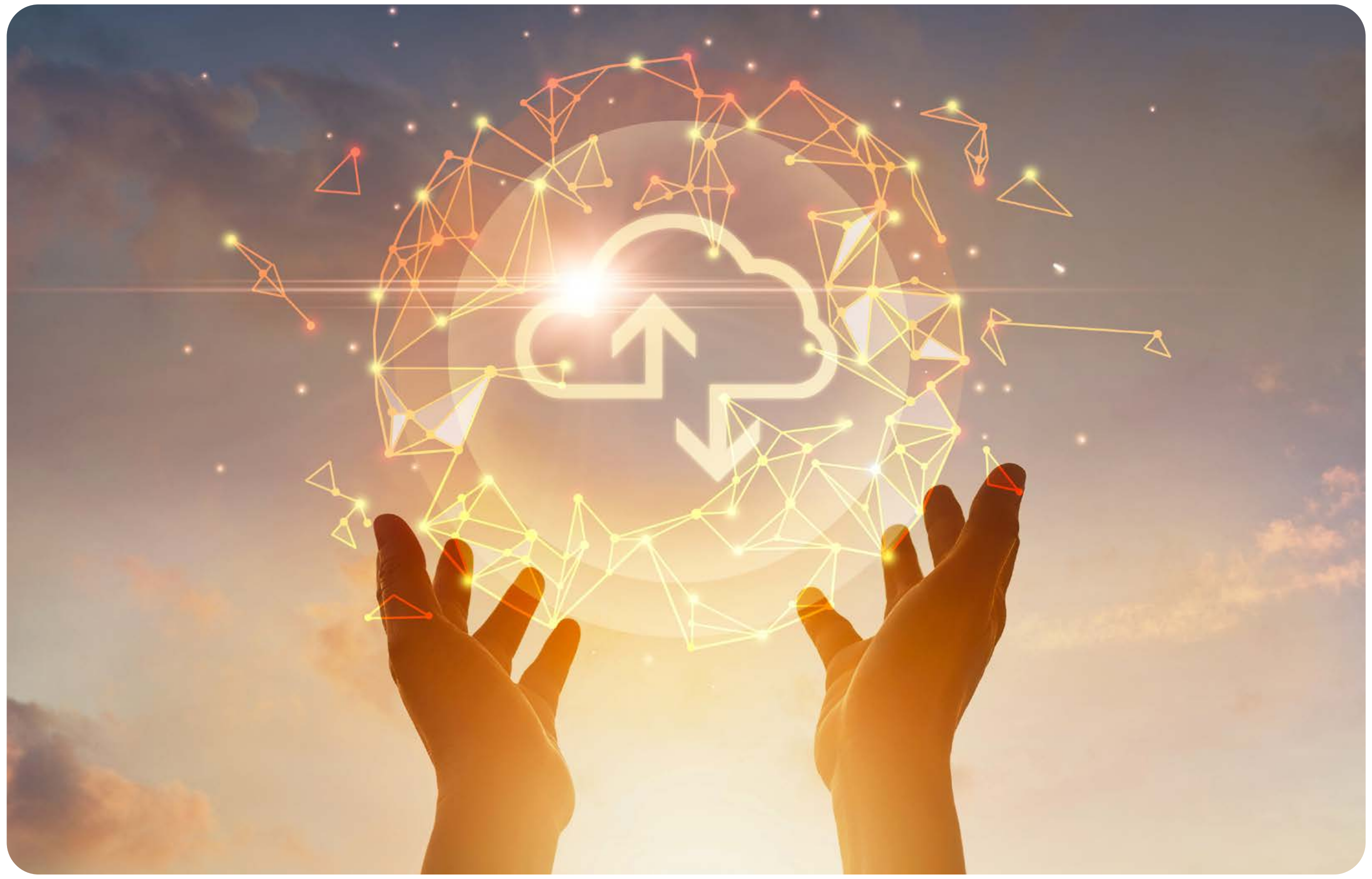
Morgan Sindall's team can detect the risk of dampness & mold, enabling remedial works and notifying the local authorities to aid people living in fuel poverty. It further enables an understanding of the property's energy efficiency and developing an energy prediction PoC model. A dashboard provided data on health & wellness in commercial properties.

"The team of Happiest Minds supported us in developing an IoT and cloud-based platform to get real-time data on the health of properties and achieve net zero goals. The platform was built using LoRaWAN gateways, TTI, Azure IoT Hub, Azure SQL and Power BI to bring data from an integrated ecosystem of IoT sensors and other data sources to support evidence-based decision-making within the built environment."

Manas Datta
Portfolio Manager – Morgan Sindall Property Services

INFRASTRUCTURE MANAGEMENT & SECURITY SERVICES (IMSS)

Securing cloud-based systems and data centers



₹30,694 lakhs
Revenue

21.2%
Revenue Contribution

Business Overview

We offer end-to-end IT IMSS which provide a comprehensive, integrated suite of solutions to help organizations manage and secure their distributed/hybrid IT environment 24x7. We support our clients by consulting, transforming, and managing their business ecosystems to achieve and secure, superior performance.

Our Service Offerings

Infrastructure services

Infrastructure Consulting
- Infrastructure discovery and maturity assessments
- Migration & modernization, consolidation & optimization, DR/BCP strategies and roadmaps

Hybrid/Multi-Cloud
- Design, build and migration hybrid/multi-cloud and datacenter
- App modernization
- Cloud native app development
- Database migration & modernization
- DevSecOps integration
- Infrastructure as code

Digital Workplace
- End-user device refresh
- OS upgrades
- OS / directory services / unified communication & collaboration services migration
- Desktop engineering services

Enterprise Network
- Detailed network designing, deployment, planning, migration, validation and engineering services

ITSM & ITOM tools & platforms
- Tools consolidation, implementation and migration, integration, customization and engineering services
- Workflow automation

Managed Infrastructure Services
- Service desk, NOC and cross-functional services
- Cloud & DC Infrastructure / network management
- DevOps and DataOps
- Application / end-user support
- Tools platform maintenance

Security services

Governance, Risk & Compliance
- IS policy review/remediation
- Compliance consulting – ISO27001, ISMS, PCI-DSS, SOXITGC, SWIFT
- Risk assessment consulting – Cyber Risk, TPR, ASD, NESA, NIST
- Professional services – archer, metric stream, galvanize, SNOW
- BCP/DR consulting, security awareness programs

Advanced Threat Management
- Security code / device configuration review
- Mobile security testing
- Network security assessment/VAPT
- Vulnerability management
- IoT security testing
- Phishing simulation

Digital Risk & Data Security
- Data security assessment, consulting, discovery, classification, encryption, masking
- Data Loss Prevention (DLP)
- Cloud access security broker
- Data access governance
- Data privacy regulations – consulting & remediation (GDPR, CCPA, PDPL, NIS etc.)

Managed Detection & Response (MDR)
- Integrated IT/OT/IoT Security Monitoring
- Cyber/risk analytics (UEBA, NDR)
- Endpoint threat detection
- TI & Brand Monitoring as a service
- Incident management – 24*7, dedicated/hybrid/shared

Infrastructure & Cloud Security
- Endpoint, network, cloud infrastructure security
- Cloud compliance, workload protection and security assessment
- Cloud-based MDR services
- Security baselining consulting

OT/IoT Security
- OT/IoT risk assessment, security threat management, security monitoring & response, architecture & review
- Azure IoT security

Identity & Access Management (IDAM)
- IDAM consulting, implementation, and ops support
- Privilege access-implementation and support
- Identity of Things
- Cloud identity and access management
- Multi-factor authentication
- Identity Vigil (IdaaS) platform
- IDAM managed services (L1, L2)

Case Study

DELIVERING END-TO-END INFRASTRUCTURE AND SECURITY SERVICES

We assisted a global pharmaceutical company in strengthening infrastructure and security. Our solution included transitioning their Network Operations Centre (NOC) from an onsite facility to an offshore delivery center. Additionally, we facilitated the consolidation of Individual and Privileged Access Management solutions and leveraged security automation for effective response and remediation.

Business Value Delivered:

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

MANAGED INFRA, SOC AND IDAM SERVICES

We helped one of the leading financial services companies by providing end-to-end managed infrastructure services, 24/7 SOC support on alerts/incidents, (Identity and Access Management) IdAM and Business Continuity Planning (BCP) consulting services.

Business Value Delivered:

75% to 95% increased FCR, 24x7 NOC, L1/2/3 support services in a hybrid model for DC, DR, 350+ branches, 3,500+ devices and 5,000+ end-users.

GLIMPSES OF FY23

Ashok Soota, Executive Chairman & Odisha Chief Minister, Shri Naveen Patnaik at the inauguration of Bhubaneswar campus.

Expansion of Electronic City campus, Bengaluru

Shashidhara BA, Senior Director-Finance and Ravindra Upadhya, Associate Director-Finance at the ICAI Awards in Varanasi.

ICSI National Awards ceremony held in Mumbai.

- Happiest Minds Technologies – Best Governed Company in Medium Category – National Awards for Excellence in Corporate Governance
- Executive Chairman Ashok Soota – ICSI Lifetime Achievement Award
- CS Praveen Kumar Darshankar – Governance Professional of the Year

Expansion of Noida campus.

Acquisition of Sri Mookambika Infosolutions "SMI".

Isaac George, Head of Europe Operations receiving the Golden Peacock Award for Excellence in Corporate Governance at IOD's Annual London Global Convention.

Sachin Khurana, Chief People Officer & Puja Agarwal, Head – Wellness and Benefits receiving the GPTW Top 10 Best Workplaces in Health & Wellness Award at Mumbai.

Women's Day celebrations at Madivala campus, Bengaluru.

Happiest Minds meet at Berkshire office, UK.

Happy Connect – Talent Acquisition Team meeting Placement Officers of educational institutes.

The First Steps program for new joinees at Madivala campus, Bengaluru.

ESG

MD & CFO'S LETTER

IT HAS BEEN AN EVENTFUL YEAR FOR HAPPIEST MINDS, OUR PARTNERS, CLIENTS, EMPLOYEES, AND INVESTORS.

It gives me immense pleasure to share this year's Integrated Annual Report with you. The financial year of 2023 was eventful for Happiest Minds. Progress made against our Vision 2031 on Business fundamentals, Customer satisfaction, People, Growth, Profitability, Environmental & Social Initiatives, and not least of all, Governance makes me proud. We have come out stronger from the last years marred by the pandemic and economic uncertainty with a steely resolve to continue building a stronger and sustainable organization.

While our financials, achievements, and other metrics point towards all of the above, our Vision of building a Company which will have a perpetual existence hinge on our commitment and us executing on a thought-out Environmental, Social, and Governance (ESG) framework.

ESG as a collective concept came into prominence during these last few years and primarily by investors who were looking to invest in companies but wanted a measure or a touchstone against which they could evaluate investments made or to be made. With ESG regulations increasing globally and studies linking good ESG practices to improved revenue growth, ESG performance has become a significant determinator when doing business.

Put simply, ESG takes cognizance of the environmental impact of a company's operations, corporate social responsibility (CSR), and good governance practices.

While I am sure you know what the letters in the acronym ESG stand for, a quick refresher would be:

E stands for environmental criteria, which, amongst others, primarily includes the energy your Company takes in and the waste it discharges, the resources it needs, and the consequences for living beings. Not least, **E** encompasses carbon emissions and climate change. Every company uses energy and resources; every company affects and is affected by the environment.

S stands for social criteria, which addresses your Company's relationships and the reputation it fosters with people and institutions in the communities where you do business. It includes human rights, labor relations, diversity, and inclusion. Every company operates within a broader, diverse society.

G stands for the governance criteria. It is the internal system of practices, controls, and procedures your Company adopts to govern itself, make effective decisions, comply with the law, and meet the needs of external stakeholders. Every company, which is itself a legal creation, requires governance.

Simply put, ESG refers to the 'Dharmic principles' per which one should run an enterprise. ESG is a philosophy and must be ingrained into the culture of the enterprise or the way we operate and do business to see its complete impact, effect, and benefits.

I make this statement drawing from my experience and with specific reference to my current engagement at Happiest Minds. When we started the Company 11 years back, we had clearly articulated the Mission, Vision, and Values of our Company. We believe that "MVV" - short for Mission, Vision and Values are the cornerstones to building a successful enterprise.

Active participation and a collaborative approach to establishing the MVV of a Company have been seen to be very effective. MVV at Happiest Minds is done collaboratively and democratically, which means this is grounds up and in active participation with all Happiest Minds, which is how we refer to our employees. Such an exercise ensures not only a common objective but also alignment and buy-in into the Vision by one and all.

We had incorporated Corporate Governance, Social Commitment, and Stakeholder Value enhancement into our Vision. This focus and rigor from inception helped us immensely and especially during these past few years in an environment of heightened awareness and attention around "ESG".

As part of our Vision statement, aspects of Corporate Governance, Social Commitment, and Stakeholder Value enhancement were to be achieved through clearly articulated milestones. These milestones are evaluated regularly along with our Board.

After listing in October 2021, we decided to put together Vision 2031. Given how ESG has evolved, we now have a Vision statement focused solely and completely on ESG, which is ***"Be known for our ESG practices"***. Again, we have clearly articulated milestones linked to achieving desired outcomes to fulfill this vision. Our focus on Corporate Governance meant we put in best practices on accounting, disclosure, Board composition, management, compliance with law, systems, and processes from the word 'go'.

Though set up as a Private Ltd. company, we thought and operated like a publicly listed company. For example, Board meetings are serious affairs with clear agendas, pre-circulated reading material, etc. We established committees ahead of time and before they were mandatory. We published annual reports just like a listed company would do. Transparency and information sharing amongst stakeholders, identification of key indicators on the health of the business, etc., were put in place right upfront. All our actions were subject to the 'sniff test' of – "how would it look if what we did or did not do" appeared in the newspapers tomorrow.

We are quite proud of our industry recognitions, working with sustainability at the forefront of our decision-making. Ingrained as a core component of our global strategy to act on environmental, social, and governance issues, our 2023 Integrated Annual Report focuses on the theme of Corporate Governance that hinges on transparency, integrity, and management accountability.

Suffice to say, our practices got us a few winners like:

- Golden Peacock Award for Excellence in Corporate Governance in 2023
- At the risk of looking like self-promotion – identified as one of the Leading CFOs by the Confederation of Indian Industry (CII)
- 2022 National Awards for Excellence in Corporate Governance by the Institute of Company Secretaries of India (ICSI)
- Awards for best annual reports from The Institute of Chartered Accountants of India (ICAI) and LACP - League of American Communication Professionals for disclosures on corporate governance practices, and adoption of Business Responsibility Sustainability Reporting (BRSR) ahead of time.

We won all these awards within two years of being a listed company. Honestly, this was only possible as we had made corporate governance a part of our being and the way of doing business. A company with strong governance practices leads to certain desirable outcomes. For example, we realized that markets and investors give a premium to companies that have higher levels of governance and transparency. Governance is a continuous process, and the organization must be at it and adopt changing requirements on a real-time basis and ahead of time.

Since our inception, we recognized the deserving, unseen, underprivileged, and unfortunate as stakeholders and that we had a social responsibility towards them. Addressing this stakeholder through social commitment is critical and a fundamental building block in our ethical foundation.

We are focused on aligning our CSR initiatives with our sustainability agenda, which has helped us to evolve, adapt and accept newer ideas of growth and innovation. Furthermore, to implement the value chain sustainability framework and ESG standards across the supply chain, we have established and defined the Vendor's Code of Conduct which we expect our vendors to respect and adhere to. We engaged with the underprivileged even before we became profitable and had a CSR budget. We have adopted the Akshaya Patra Mid-day meal program for school children as a form of "giving". A generous contribution to the Akshaya Patra program accompanies all celebrations at Happiest Minds or the achievement of milestones. As our CSR budgets grew, our contributions to Akshaya Patra have increased, and as of date, we have crossed giving 60 lakhs or 6 mn meals. Along with the Akshaya Patra during the intense period of COVID, we also repurposed some of our budgets to COVID support and related relief.

A large part of our CSR budget, which is now reasonably sizeable, is targeted toward supporting environmental causes. Adoption of groves, forests, and continuous tree planting is what we do. We have also taken on an audacious goal of becoming a 'Net Zero Carbon' emitter by 2030. In addition to the above, we are converting all our rooftops to produce solar power. In almost all our buildings, we follow water conservation measures, striving to become a 'zero discharge' facility. All our procurement is analyzed for sustainability. We assess the use of plastic with an effort to instill into people's consciousness on the environmental impact of all actions that they take while at work and otherwise.

We are working towards integrating sustainable values in our business decision-making, at the intersection of our Company's environmental, economic, and social dimensions, by reiterating business for good as a specific focus of our ESG approach. It gives us significant competitive advantages in seizing growth possibilities when the well-being of the people and the planet drives our business.

Consistent and constant communication on inter-generational equity and the need to follow sustainability principles is regularly conducted.

As I look ahead, there is potential for much more. Our ESG approach is poised to help our people, customers, partners, and investors benefit from their core digital transformation agenda. In the changing world dynamics, and the demand for digital soaring, we will continue to remain resilient and remain steadfast in our commitment to the community in which we live and operate. We are mindful of the unpredictable and transformative nature of the rapidly evolving global economic and operating environments, the escalating trend of climatic extremes, and their potential impact(s) as we chart our journey ahead. So, what becomes essential to build resilience and manage risks is solid and measurable ESG performance driven by ambitious targets.

I would like to thank you for the confidence you continue to place in us. As a work in progress, we have much more to accomplish, and I am confident that we will continue to produce long-term value for our stakeholders at each step of our growth story.

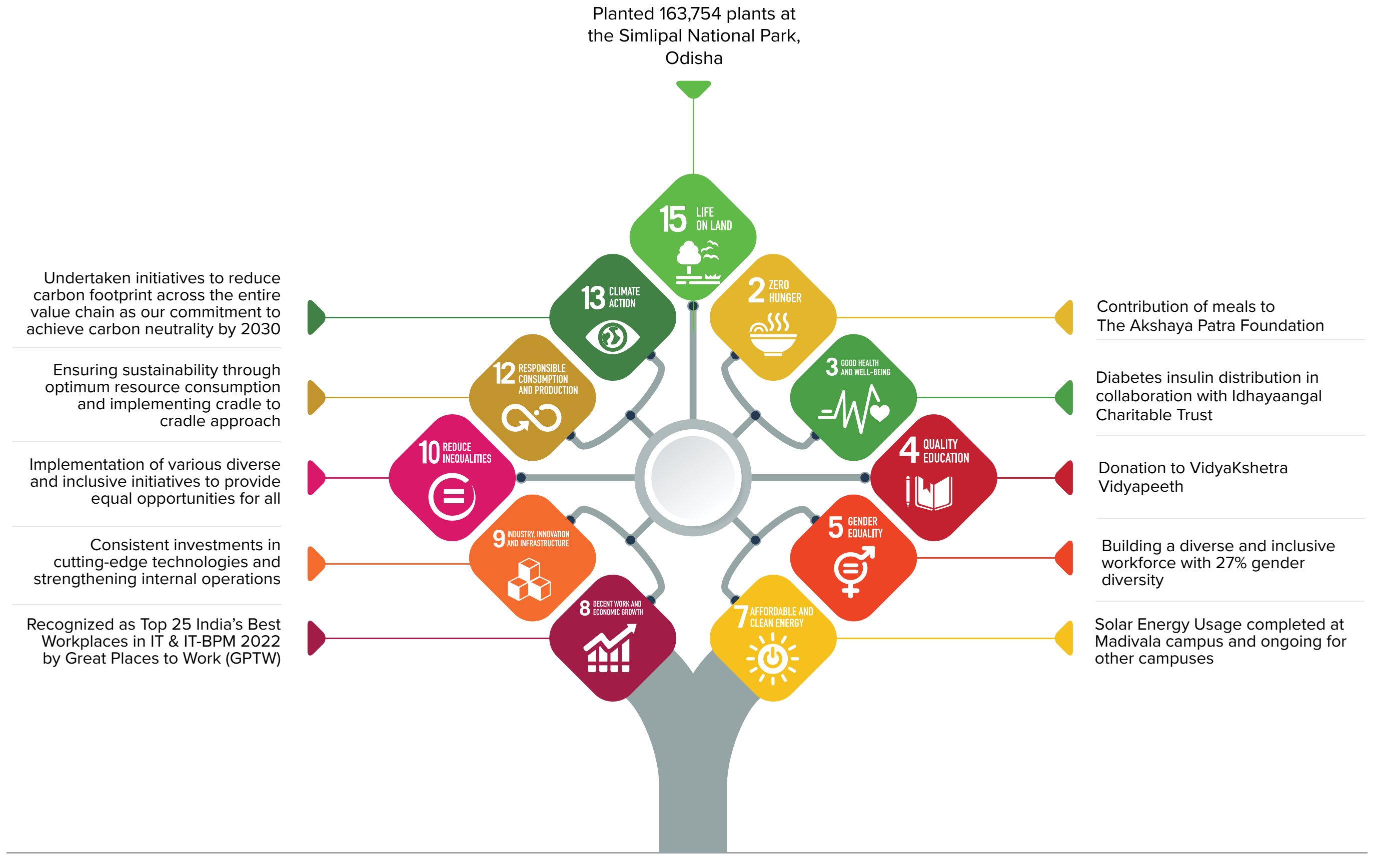
Warm regards,

Venkatraman Narayanan
MD & CFO

HAPPIEST MINDS' CONTRIBUTION TO THE UN SDGs

Happiest Minds is committed to advancing the United Nations Sustainable Development Goals (SDGs), the global framework for driving progress toward a more sustainable future. Advancing the SDGs is critical to our organization's strategy to accelerate sustainable and inclusive growth.

Our Contribution



THE STRATEGIC INTERACTION BETWEEN CORPORATE GOVERNANCE AND ESG

There are multiple layers of interaction between corporate governance and ESG (Environmental, Social and Governance) that require proper adoption, execution and monitoring to meet the objectives. One of the important cornerstones of this report is to analyze how companies engage in ESG based decisions and strategically influence stakeholders including investors, customers, their respective supply chains, and communities to involve in its active participation.

Since our inception, Happiest Minds has adhered to the highest levels of corporate governance as one of our fundamental tenets. A testimony to this is when the organization won the prestigious Golden Peacock for Excellence in Corporate Governance in 2022 by the Institute of Directors (IOD), which is qualified as the pinnacle award that publicly acknowledges the efforts of organizations in this direction.

Furthermore, we are also among the Top 100 Best Workplaces in India as well as the Top 50 Best Workplaces in Asia as per the survey conducted by Great Place to Work® (GPTW) in 2022 for creating High Trust, High-Performance Culture which is essential in Corporate Governance not just to foster long-term investment but to promote accelerated growth with more inclusive societies.

Happiest Minds has successfully implemented and executed the required ESG policies and requirements for the last two financial years well before it was mandated by The Securities and Exchange Board of India (SEBI) under the Government of India for Corporates to create an effective legal regulatory framework to better demonstrate their sustainability objectives, position, and performance for long-term value creation.

Understanding the "G" in ESG is essential because as social, political, and cultural views continue to change, governance risks and opportunities will also become significant. Happiest Minds evaluates governance factors in its ESG framework. The ESG and the CSR committee assess and oversee the 2030 roadmap and periodically report to the Executive Board and the Board of Directors.

We, as a mindful organization, have realized our commitment towards ESG through a key focus on resourcing for ESG initiatives and guiding their execution through a properly structured strategy. Our Company has also introduced and acted on ESG initiatives such as diversity and inclusion, mindfulness sessions, wellness training, etc.

ESG INTEGRATION & STRATEGY

Our integration framework outlines specific ambitions and actions that will enable us to accelerate sustainable and inclusive growth for the benefit of our internal and external stakeholders. We determine our ESG (Environmental, Social, and Governance) priorities through a series of material assessments that also works for our organization's broader sustainable and inclusive growth strategy. We lay out our resulting ESG framework with specific targets and objectives through our work with clients and how we interact with other stakeholders such as our suppliers, communities, partners, peer organizations, and others, to broaden the impact that enables us to accelerate sustainable and inclusive growth for the world.

Oversight of ESG Integration

We established an ESG policy in 2022 that is overseen by the Executive Board as a sign of our commitment to the environment and society at large. This policy provides a framework for managing our ESG risks, impacts, and opportunities. We have also constituted a management-level Environmental, Social and Governance (ESG) committee of senior members from key functions across the company which is chaired by a senior management team to further reinforce our vision and focus on ESG. The ESG Committee reports to the Executive Board and the Board of Directors on the Company's ESG strategy and the roadmap to achieve set targets and also delegates responsibility for the detailed review of new and existing strategies to ensure consistency in their integration of ESG objectives.

Accountability and Transparency

Driven by the belief that ESG priorities should be incorporated in a consistent manner towards any strategy, we are committed to continually enhancing our transparency and accountability – to our clients, people, and our stakeholders. We believe that the most effective way to integrate ESG factors and augment our analysis, we take up an approach that is guided by mission, vision and values. We discuss urgent issues and support large-scale solutions while upholding our independence and neutrality as professionals.

Progress

Our technological innovation has been continuously integrated with the required ESG policies. We, as a mindful organization, aspire to make a positive impact having wide-ranging effects on the environment and the economy in the decisions we make. We set high requirements for performance, measurement, and ethical business practices, and we look for stakeholders who share our values.

Implementing effective corporate governance under the ESG framework ensures sustainable business continuity. At Happiest Minds, holistic growth is driven by core values where integrity and inclusivity proven by leadership are key to perpetuity and position us to better manage risks.

Parika Mahajan
Global ESG & CSR Lead

ESG KPIs

KPI	UOM	FY 2022-23	FY 2021-22	FY 2020-21
Total Electricity Consumption (Grid)	kWh	3,006,262	1,113,100	1,026,650
Electricity generated from Renewable Energy (Solar)	kWh	141,932	0	0
Total Fuel Consumption	KL	21.44	8.51	8.15
Total Scope 1 GHG Emissions	$MTCO_2e$	57.37	27.68	26.49
Total Scope 2 GHG Emissions	$MTCO_2e$	2,374.95	879.35	811.05
Total GHG Emissions (Scope 1 + Scope 2)	$MTCO_2e$	2,432.32	907.3	837.54
Total Water Consumption	KL	4,173	984.22	1,235.67
Total Hazardous Waste Disposed	L	600	0	0
NOx	mg/Nm3	46	49.6	58
SOx	mg/Nm3	9	7.1	6.06
Particulate matter (PM)	µg/m3	36	41.4	38.8
Total CSR Spend	₹	333 lakhs	215 lakhs	75 lakhs

Economic Value Created and Distributed (₹ Lakhs)

Particulars	FY 2022-23	FY 2021-22	FY 2020-21
Revenues (a)	1,42,929	1,09,365	77,341
Other Income (b)	3,502	2,463	1,999
Direct Economic Value Generated (c) = (a)+(b)	**1,46,431**	**1,11,828**	**79,340**
Operating Costs	26,028	21,194	11,858
Employee Wages & Benefits	80,681	62,000	45,238
Payments to Providers of Capital	1,558	343	341
Payments to Governments (Total Taxes Paid)	8,508	6,310	3,527
Community Investments	333	215	75
Economic Value Distributed (d)	**1,17,108**	**90,062**	**61,039**
Economic Value Retained (e) = (c) - (d)	**29,323**	**21,766**	**18,301**

Highlights 2022-23

The theme of World Earth Day 2022 was 'Invest In Our Planet' calling for businesses to shift towards sustainable practices. We, at Happiest Minds, are committed to this goal through various ESG initiatives such as improving renewables and energy efficiency, implementing the ban on single-use plastic and disposables, reducing paper usage.

On the occasion of Independence Day 2022, a plantation drive was organized by Happiest Minds in collaboration with the Think Good Foundation.

Certification of GRATITUDE from The Akshaya Patra Foundation for supporting government school children in Bengaluru with over 19,24,429 meals through the PM POSHAN Programme in FY2022-23.

Happiest Minds celebrated World Environment Day 2022 by hosting a beautiful show of creativity and fun by inviting our Junior Happiest Minds to submit their environment-related art.

Initiatives and Progress

In the year 2021-22, we initiated our renewable energy journey by setting up a Rooftop-based Solar Energy System at the Madivala campus having 183 kWh capacity. Till date with a generation of 150 MWh, we have saved carbon emissions up to 61.42 tons. It is equivalent to planting 1,833 trees with the resultant savings on carbon emissions.

ROOFTOP-BASED SOLAR ENERGY PROJECT AT BENGALURU - MADIVALA CAMPUS

Mobilizing Happiest Minds' teams to volunteer and involve with the community

Happiest Minds have partnered with NASSCOM Foundation's MyKartavya, an employee volunteering portal to reach out to the underprivileged across the country. This initiative is designed to make volunteering fun, accessible, and impactful. This platform leverages technology to connect to a wide range of opportunities to support non-profits by encouraging members to participate, based on their unique set of skills and interests.

I always wanted to volunteer but didn't know where to begin. MyKartavya platform has provided me with the convenience of doing volunteering work right from the comfort of my home. There is a plethora of short-term options available. I fondly remember the short story recordings, to enable differently abled children to experience the story and learn and enjoy their childhood. It has been a pleasure volunteering with the MyKartavya initiative.

Testimonial by
Shobita Sridharan
Business Analyst Consultant

Implementing ban on single-use plastics and disposables in the cafeteria

We, at Happiest Minds, have replaced single-use plastic in our cafeterias by saving 23,000 water glasses and 22,207 coffee/tea cups per month on an average. Replacing single-use packaging with reusable alternatives that can be washed and used again has enabled Happiest Minds to reduce the plastic consumption.

CLIMATE RISK MANAGEMENT

Globally, climate-related risks, with the potential to cause loss and damage, have increased dramatically over the past few decades. The pandemic has brought into focus several internal, and external factors that are uncontrollable and can disrupt usual business conduct. As such, climate change readiness and preparedness have quickly become urgent business case across all sectors with stakeholders taking note of the potential financial and non-financial risks and creating change in the regulatory framework.

Based on Task Force on Climate-Related Financial Disclosures (TCFD) principles, Happiest Minds is working towards establishing business implications due to climate change. Our climate risk management also aims to address and reduce greenhouse gas emissions, minimize climate risks, and manage residual climate risks via instruments such as climate risk offsetting or transformative measures.

We have deployed the climate risk management process for the assessment based on the following action items:

- Assess and match information needs with risk management objectives
- Define System of Interest
- Develop context-specific methodology
- Risk identification to identify low and high levels of climate-related risks
- Risk evaluation to identify acceptable, tolerable, and intolerable risks
- Assessment of risk management options

Apart from internal operations, Happiest Minds also focuses on environmental sustainability under Corporate Social Responsibility. The CSR committee of the Board is responsible for overseeing the execution of the Company's CSR policy, including the areas of Environmental Sustainability leading to Climate Action.

ENVIRONMENTAL

OUR ESG VISION IS “HAPPIEST PEOPLE. HAPPIEST PLANET. HAPPIEST CUSTOMERS. HAPPIEST BUSINESS.”

As a mindful IT company, Happiest Minds is committed to providing leading digital transformation technologies that respond to the challenges of the world and promote sustainable development. We believe that sustainable behavior in every aspect of our business is a natural prerequisite for building stronger relationships with customers and employees and contributing to positive development in society.

We intend to enable a low-carbon and resource-wise economy, empower our people & communities, and embed responsible Corporate Governance and Business Integrity practices throughout the Company by following leading national and global regulations, guidelines, and frameworks.

At Happiest Minds, we are committed to taking meaningful action for a sustainable future to demonstrate environmental stewardship. With our Sustainability Roadmap to 2030 to protect the environment, we are working on solutions that help minimize the impact of our operations, and engaging with our value chain partners to drive improvements.

Our environmental goals are focused on optimizing energy, making responsible use of our natural resources, and reducing waste to create sustainable progress. We will also maximize the usage of renewable energy while reducing the use of fossil fuels by working closely with our value chain partners to assess and help reduce the environmental impact.

VALUE CHAIN SUSTAINABILITY

Value chain has become a critical area for many businesses since they use huge resources and money and are frequently a source of unnecessary waste. Thus, value chain has emerged as a key corporate goal as companies have started to measure the societal and environmental impact of their goods and services from the beginning to the end of their life cycles.

Sustainable value chain addresses global issues such as climate change, water security, deforestation, human rights, fair labor practices and corruption while carrying out routine focus on speed, cost, and reliable operations.

We are evaluating our value chain partners to engage with them on key sustainability objectives. To achieve environmental stewardship including energy and water efficiency, waste management, and green services, and create a socially responsible business environment, we have designed a framework that is being implemented with Tier-1 suppliers under phase-I. In addition to Scope-1 and Scope-2 GHG emissions, the value chain sustainability framework also helps us understand and derive Scope-3 emissions across the upstream and downstream value chains.

Key Supply Chain Initiatives Undertaken in FY 2022-23

Deploying Dynamics 365 (D365)

One of the major automation initiatives this year was to integrate Deploying Dynamics 365 (D365) with a cloud software suite to register new vendors and ensure business continuity like speed, accuracy, and a digital solution when communicating with them.

Effective Vendor Evaluation

Another important factor to achieve a sustainable supply chain is to effectively evaluate the vendors. We have added new evaluation parameters to analyze vendors with price, delivery, technicality, etc. We encourage vendors from vulnerable groups and local markets to associate and work on sustainable goals while conducting business.

Creating New Supply Chain Ecosystem

In continuing our goal to create a sustainable supply chain, we have registered new vendors and generated better business opportunities at our latest campuses in Bhubaneswar, Madurai and Coimbatore. In addition to this, we have also adopted wire transfer payments instead of credit cards for safe and reliable transactions.

SOCIAL

Finding happiness is not just a pursuit, but a necessity for our well-being. Mindfulness, in turn, can be a powerful tool to help us cultivate this emotion. By being mindful, we gain greater awareness of our experiences, which allows us to appreciate the present moment, connect more deeply with ourselves and others, and discover new sources of joy and fulfillment.

Paul Jacob
Happiness Evangelist & Senior Director
- People Practice

Culture of Happiness Evangelism

HAPPOMETER

How are you feeling today?

SUBMIT

Happometer measures employee happiness. It measures the same with 3 Smiles – Happy, Neutral and Sad. An employee who clicks the sad emoji will be contacted by the People Practice Leader. So far, 8,852 members have recorded how they feel - 86% Happy, 10% Neutral, 4% Unhappy (April 2022 till date).

Happiverse

An initiative started by our Happiness Evangelism team in Q4 of FY23, Happiverse (conjunction of happiness and universe) is a step towards promoting employee happiness, which includes providing opportunities for social connection, offering mental health support, providing work-life balance resources, and promoting a culture of appreciation in action.

CULTURE OF GRATITUDE

At Happiest Minds, we begin all sessions and meet-ups by expressing gratitude or simply being thankful. All our facilities encourage people to freely use SMILES Cards or send iAppreciate messages to acknowledge and celebrate the contribution of their colleagues.

In the history of Happiest Minds, Gratitude Week (28th Nov – 4th Dec) has embarked on a Smilestone by achieving:

9,073 appreciations sent to **2,800+** people over **7** days

7,500+ iAppreciate messages sent by **1,000+** people

CULTURE OF LISTENING

The culture of listening at Happiest Minds is about the practice of actively and empathetically engaging with others when they communicate. This includes not just hearing the words they are saying, but also understanding their perspective, feelings, and needs.

We have made a positive impact in the following areas:

Ask EB - A portal for Happiest Minds to post questions for the Executive Board (EB), and the answers are posted within 24 hours.

AHMM/Townhalls - People are encouraged to ask questions and provide feedback directly to the leadership team at AHMM/Townhall.

We Hear - You can report sexual harassment or discrimination to the Chief People Officer using We Hear. An email will be sent directly to the mailbox of the CPO to initiate the process.

CULTURE OF MINDFULNESS

The culture of mindfulness refers to a set of attitudes and practices that encourage people to be fully present in the moment, without judgment or distraction. It involves intentionally paying attention to the present moment, being aware of one's thoughts and feelings, and cultivating a sense of openness and curiosity.

Mindfulness training involves mental activities designed to rewire the neural networks of the brain.

- Decrease in Stress
- Enhances efficiency and productivity
- Increases ability to stay focused on the task at hand
- Better interpersonal relationships
- Improves work-life balance
- Mindful approaches reduce individual stress levels and enable a person to be joyful at the moment
- A structured approach to understanding, internalizing and practicing mindfulness techniques will reinforce our journey on the 'Happiness' theme
- Consider mindfulness as a way of working that will increase all of our Happiness Quotient

Mindfulness ways at Happiest Minds

- **Imbibing** a 7C Framework of the Happiest People
- **Delivering** world-class solutions in line with our core values
- **Creating** an impact on the organization and society at large

We practice mindfulness in two ways

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

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

Mindfulness Training in FY23	Mission, Vision & Value Training in FY23
3,971 Participants covered in FY23	**3,608** Participants covered in FY23
4,194 Total Happiest Minds till date	**4,194** Total Happiest Minds till date
87% Coverage of Mindfulness training	**97%** Coverage of MVV training

happiest minds
The Mindful IT Company
Born Digital . Born Agile

Diversity & Inclusion

We believe Diversity & Inclusion (D&I) is a journey, not a destination. Our persistent emphasis on fostering an inclusive environment helps everyone to retain their identity both professionally and personally. We keep a clear stand against any discrimination based on ethnicity, age, disability, gender, and sexual orientation. The 'Happiest Minds Diversity & Inclusion Council' is committed to a vibrant and diverse society by implementing D&I policies and programs.

Key Metrics

- **27%** - Organizational Gender Diversity
- **46%** - Campus Gender Diversity Ratio
- **10** Nationalities - Cultural Diversity
- **100%** - Resumed Work after Maternity Leave
- **33** - Availed Paternity Leave
- **8** - Persons with Different Abilities

- **84.5%** Millennials
- **10.3%** Gen Z
- **4.8%** Gen X
- **0.3%** Boomers II
- **0.2%** Boomers I

(Generational Diversity)

Highlights

Maternity Engagement Program
This holistic maternity program in collaboration with the Wellness team includes three phases of Pre-Maternity, During Maternity and Post-Maternity for women during pregnancy.

Women in Excellence Program
Exclusive Women Leadership Development for Mid Managers covering various elements of holistic development for leadership roles.

Aura Engagements
Welcome mail to all women members with a list of women's benefits.

PRIDE
Awareness session conducted during PRIDE month in June 2022 with various activities like quizzes, D&I Sensitization training, and extension of medical insurance benefits to same-gender partners across locations.

Ability is Bigger than Disability
Our Happiest Minds' Community of Specially Abled Members doubled in its headcount following our rollout Train to Hire Model in each BU with Oorja & Enable India.

Thought Leadership by Leaders
Priya Kanduri, Senior Vice President & CTO, IMSS won multiple awards like the 'Women in AI' award at the Trescon World AI Show, 2022 Dubai, "Cyber Security Executive of the Year" during the Annual Summit 2022, Bengaluru and the "Outstanding Leadership Award" at Internet 2.0 Conference 2022, Dubai.

Wellness of Women
Collaboration with HappiZest - the wellness team, for a month-long campaign on specific wellness needs of women.

Workshops & Sensitization Sessions on Diversity & Inclusion
Sensitization programs on D&I focus on skill building that leverages the strengths of different teams and customers.

Recognition in Diversity & Inclusion
Top 50 Best Workplaces for Women for 4 consecutive years.
Top 10 Diverse Organizations - Analytics AIM Magazine.

Aura Learning Circles
A learning platform for the Aura community through webinars, book clubs & interesting articles.

Let's Celebrate Diversity
Celebrating diversity through multiple cultural, national as well as international celebrations.

Diversity & Inclusion Summit
D&I Summit was a confluence of ideas and activities brought under different themes for 5 days.

DIVERSITY & INCLUSION
Happiest Minds Technologies

PEOPLE - GPTW SURVEY

We participated in the Great Place to Work® survey and are in India's Top 100 Best Workplaces List. We were ranked 29th in the Top 100 list.

	GPTW 2023	GPTW 2022	GPTW 2021
Great Place to Work®	92	93	92
Credibility	89	90	88
Respect	86	88	86
Fairness	86	87	83
Pride	89	91	89
Camaraderie	88	89	88
Trust Index Score	88	89	87

Workplace Wellness Index of Happiest Minds is 7 points higher than the mean of India's Best Workplaces in Health and Wellness companies at 88%

PEOPLE - GLASSDOOR

Rating - **4.3/5**

Recommend to a friend - **93%**

Approve of CEO - **97%**

Interview Experience - **80%**

Positive Business Outlook - **90%**

Culture & Values - **4.3/5**

Benefits - **4/5**

Diversity and Inclusion - **4.3/5**

MITHRA - The Good Samaritan Program

Changing environments, work stress, and personal hardships can take a toll on anyone. It is important that one finds someone trustworthy to speak to during these testing times which is why MITHRA – The Good Samaritan Program was developed.

MITHRA
THE GOOD SAMARITAN PROGRAM
LISTENING MINDFULLY

MITHRA

The Good Samaritan Program

MITHRA is a team of Happiest Minds' volunteers who are available to take calls or respond to mails 24/7 to help our people deal with whatever it is that they are going through - in safety, acceptance and confidentiality.

In FY23, Team MITHRA has connected with over 756 Happiest Minds

REWARDS & RECOGNITIONS

Service Smilestones

We celebrate the work anniversaries of our employees as SMILESTONES by sharing testimonial videos from their colleagues along with customized gifts.

Gratitude Story

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

Rewards & Recognition Awards

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

HappiZest Advantage

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

iAppreciate

iAppreciate is a portal where Happiest Minds employees can appreciate or show expressions of gratitude to colleagues.

Culture of Gratitude

Gratitude is a ritual at your Company. Leadership or Team meetings commence with spending some time, expressing gratitude or silently being grateful.

Gratitude Week

Gratitude Week has embarked upon a smilestone by achieving: 9,000+ appreciations sent to 4,000+ people over 7 days and 2,500+ iAppreciate cards sent by 1,000+ members.

BENEFITS

Medical

- Medical Leave
- Hospital Tie-Ups
- Book My Scan Tie-Up
- Cult Fit Elite Corporate Subscription

Leave Donation

A voluntary program where our Happiest Minds can donate leaves to their colleagues who need them the most

Bonus

- Referral Bonus
- Business Referral Bonus

Financial

- Care and Compassionate Contribution Scheme
- Salary Advance Policy
- Compassionate Loan

Insurance

- Group Accident Insurance Coverage
- Group Life Insurance Coverage
- Voluntary Life Insurance Coverage

Childbirth Gift

A sapling is planted on behalf of the newborn with the support of an NGO along with 12 leaflets with different seeds in the calendar and making every month of the first memorable

CIRCLE OF HAPPINESS

Social Responsibility being one of the core values of Happiest Minds, we adopt policies that promote the well-being of society and the environment. We also encourage volunteering, contributions that benefit the environment, and engaging in the joy of giving.

Our CSR initiatives are based on the themes contributing to Annapurna (Food & Nutrition), Vasundhara (Environmental Sustainability).

Our Circle of Happiness, a CSR initiative focuses on:

CSR INITIATIVES IN FY23

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

GreenSole – Step towards sustainability

Contribution of ₹3,13,500 to GreenSole for the distribution of 1,500 pairs of upcycled footwear to underprivileged kids.

VIDYAKSHETRA

Contribution of ₹20,00,000 to VidyaKshetra towards sustainable projects like the Eco-Construction of a weaving room, setting up of two handlooms for Eco Clothing, Soil Enrichment and setting up a basic Gaushala to name a few.

Balajothi · One Billion Literates · Jeevarathni · Ankura Foundation

Participation in the Daan Utsav program, where wishes from NGOs were fulfilled through a contribution of ₹9,29,066 by Team Happiest Minds. The NGO beneficiaries were: Baale Mane, Balajothi Centre for the Disabled, One Billion Literates Foundation, Jeevarathni Foundation, and Ankura Foundation.

GROW-TREES.com – greet with trees · offset with trees

- Contribution of ₹25,00,000 for exclusive adoption of tree plantation initiative at Trees for Tigers, Similpal National Park under Social Impact Project
- Contribution of ₹1,38,75,400 for exclusive adoption of tree plantation initiative at Trees for Tigers, Similpal National Park under the Carbon Neutrality Project

Akshaya Pātra – Unlimited food for education

Contribution towards meals to The Akshaya Patra Foundation in FY23 - 1.92 mn meals totaling ₹1,26,24,672; total meals till date 5.96 mn (₹3,81,98,046)

Bethany High – Trust & Obey

Contribution of ₹10,00,000 towards Bethany High School Musical 2022

Idhayangal Charitable Trust

Contribution of ₹10,00,000 towards the donation of insulin for underprivileged children with Type 1 diabetes

Disclaimer: All logos are properties of their respective owners

HappiZest

WELLNESS PROGRAMS (HappiZest)

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

Participation

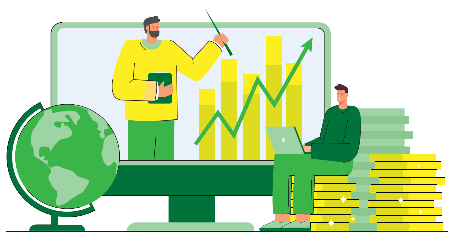
Expert Driven Webinars/Talk Show

Hobbifying Workshops

Emotional & Mental Wellness Webinars

Wellness Consultation

Mindfulness Training



Financial Wellness Webinars

Talent Acquisition

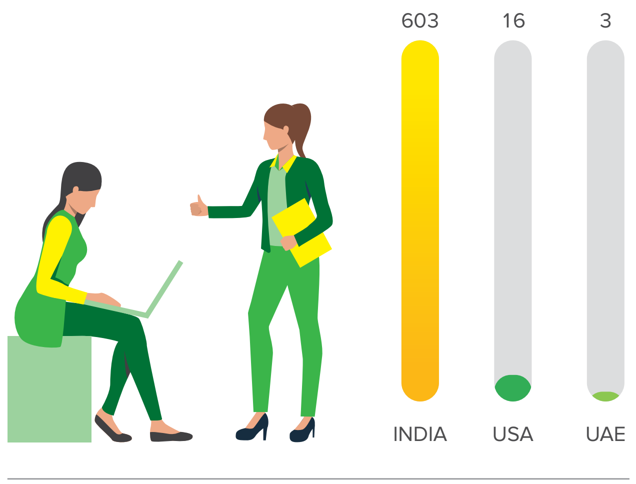
Talent Acquisition (TA) is an AI-enabled, analytics-driven function with agility in decision-making. The core theme that makes Happiest Minds an employer of choice is a differentiated hiring process focused on a superior candidate's experience and future skills.

Our differentiated hiring processes through various modes have ensured that scalability is always the prime focus:

- 2-tier-based virtual Interviews
- 100% digital process for campus recruitment
- Routine meetings with respective stakeholders
- Active involvement of project & client panels in engaging with shortlisted candidates
- Market mapping of target companies & cross-mapping of interviewed candidates
- Working with local vendors in specific geographies for global engagement hiring initiatives

Happiest Minds is an Equal Employment Opportunity Company

As part of our Equal Opportunity Policy, we provide equal opportunities at all levels of employment without discrimination on grounds of race, ethnicity, nationality, gender, language, age, sexual orientation, religion, marital status, socio-economic status, or special ability. During the fiscal year, we hired 622 women. Geo-wise recruitment is as follows:



Our hiring diversity ratio for the year currently stands at 27%. Our campus hiring diversity ratio for FY23 is 46%. We have undertaken various measures to increase workplace diversity, such as:

Hiring: Each BU works on the D&I target assigned through hiring drives, hackathons, campus hiring, and the usual lateral hiring process to increase the diversity ratio.

Leadership Hiring: The TA team is mandated to specifically consider the diversity route for leadership hiring apart from the campaigns for lateral hiring

Referral Policy: We give an additional 5% to any referrer for each woman joining the team

Boomerang Policy: We welcome Happiest Minds Alumni to return by going through minimum interview rounds

Awareness Session: Awareness sessions are conducted to hire more women with leaders and managers

Retention: We connect and try to retain those Happiest Minds who have resigned

Geo-wise Vendor Alignments: Increased outreach to vendors specializing in diversity hiring

FY23 LEARNING JOURNEY

Learning and Development at Happiest Minds is a continuous process of excelling in a learning culture that is Agile, Creative, Collaborative and Technologically advanced in alignment with business and organization goals. Enabling a culture of continuous learning, structured processes, multiple learning methodologies and an established Internal trainer pool has contributed to achieving the learning outcomes in FY23.

Key Matrix

Learning Hours Break-up

Business Enabling Hours	Compliance Program Hours	Orientation Program Hours	Learning Hours
1,04,088	**6,073**	**14,077**	**1,24,238**

Target Hours 30.0

Average Learning Hours	Target Achieved
29.90	**99.67%**

Business Enabling Programs

# Trained Udemy - **2,428** VILT/ILT - **2,250**	# Trained Technical Programs **3,273**	ILT/VILT Hours **34,961**	Average Training Hours **25.05**
		Udemy Hours **69,127**	Target Hours **25.50**
Total Happiest Minds Trained **3,439**	# Trained Professional Development Programs **1,330**	Total Business Enabling Hours **1,04,088**	Target Achieved **98.25%**

Graduate Training Hours
1,37,097

Key Highlights of our Learning Initiatives

We received **505** Training requests for FY23 out of which **451** are technical trainings and **51** are professional development training.

538 Happiest Minds were deployed to the project. Happiest Minds moved to billable.

Internal trainer pool: We had **119** Trainers facilitated.

73 Happiest Minds have gone through various Training & Certifications.

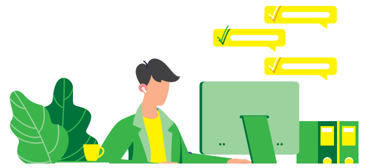
A total of **1,332** Happiest Minds have gone through Professional development programs.

A total of **3,273** Happiest Minds have gone through Technical programs.

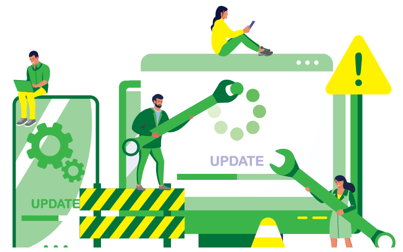
468 Happiest Minds covered as per competencies on Soft Skills Behavioral programs.

Campus Program

Leadership Development Program

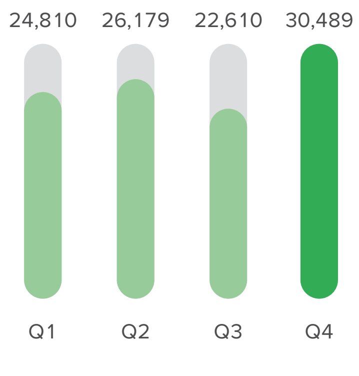


Manager Development Program

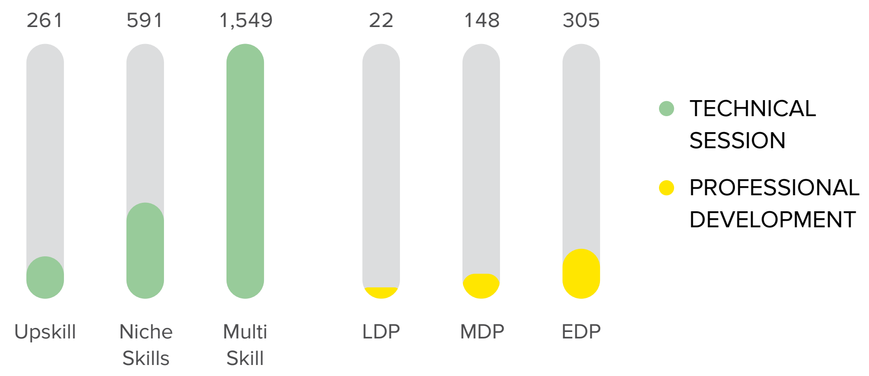


Technical Program

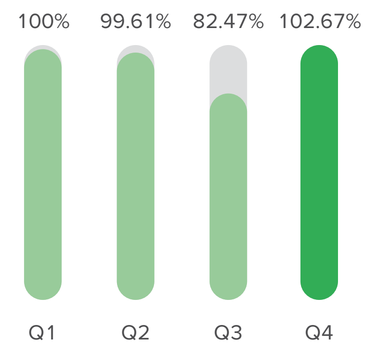
LEARNING HOURS TREND ILT/VILT, UDEMY



Happiest Minds Covered - Various Initiatives (in Hrs)



TARGET ACHIEVED



DELIVERY MODE (# Programs)

GOVERNANCE

One of our Vision statements is to be known for our Governance Standards. The metric against Governance was winning the Golden Peacock Award and the ICSI National Awards for excellence in Corporate Governance. We have outdone ourselves by winning both during the year and within two years of our IPO. We strive to maintain the highest standards that we have and have displayed while we continue to improve and fill the gaps we identify.

(Please refer to Pg 145 for more information on Corporate Governance)

ESG Governance

The Environmental, Social & Governance (ESG) committee is a management-level committee comprising senior members across major functions at the Company, chaired by a member of the senior management team. The ESG Committee reports to the Executive Board and the Board of Directors on the Company's ESG strategy and the roadmap to achieve set targets and helps in identifying ESG-related risks and related financial and non-financial impacts for the Company. The committee meets periodically to hold compliance and risk-related reviews while working on improving the Company's ESG disclosures to effectively demonstrate our commitment to our stakeholders.

Stakeholder Governance

Annual Shareholders Response Survey: The Annual Shareholders Response Survey was conducted for the shareholder's feedback, and we received responses from 6,371 shareholders (19,113 responses for FY22). The Board has evaluated these responses and has approved the plan for implementing the suggestions received during the survey.

Communication to Stakeholders: Your Company has a transparent reporting system in place to ensure all stakeholders especially the employees and investors are kept abreast of the Company's performance, strategic outlook, financials, and sustainable growth using the following:

- Quarterly communication is made to the Board, the employees, and investors. The Executive Board conducts quarterly AHMM (All Happiest Minds Meet) 'Town Hall' to apprise the team of the same. The investor presentation of the quarterly results is emailed to all the shareholders of the Company.
- Any major policy change is first communicated to all Happiest Minds through 'SmilesCentral', our internal Communication & Collaboration Platform for feedback and suggestions before rolling out, building confidence in an 'Involve Evolving' culture. The leaders also listen to the team through people feedback and other mechanisms like Listening Post, various 'Connect' programs, and regular meetups with BU leaders.
- The other channels of communication, such as 'Just Ask' and 'Ask EB' help the Happiest Minds to communicate with the leadership and 'Ask Ashok' sessions for the Happiest Minds to interact with the Chairman along with many other programs in line.
- The main communication among Top management is via emails, Team and Zoom calls, virtual meetings, other audio-visual means and physical meetings.
- The Company has separate email domains **Investors@happiestminds.com** and **IR@happiestminds.com** dealing with the queries received from the investors, shareholders, and other stakeholders. These are maintained by the Legal and Secretarial Teams. The contact details are mentioned on the Company website.

Business Ethics

Happiest Minds is committed to conducting its business in accordance with the applicable laws, rules, and regulations with the highest standards of business ethics, integrity, environmental responsibility, and social responsibility. To implement the Value Chain Sustainability Framework, the Vendor's Code of Conduct has been established and communicated to all the vendors. This Code is intended to define non-negotiable minimum standards of business conduct that Happiest Minds expect its Vendors to respect and adhere to. While Vendors are expected to self-monitor and demonstrate their compliance with this Code, Happiest Minds reserve its right to audit Vendors or inspect Vendors' facilities to confirm compliance. This Code is an integral part of Happiest Minds' contract or agreement with its Vendors. The requirements under the Happiest Minds' Vendor's Code of Conduct focus on Freedom of employment and association, eradication of child labor, safe and hygienic working conditions, appropriate pay and working hours, humane and non-discriminatory treatment, anti-bribery and corruption, and environmental awareness.

Human Rights

As our Mission states, 'Happiest People . Happiest Customers' we have always strived to protect the Human rights interest through the constitution of various internal policies such as:

Slavery and Human Trafficking Policy

We have a zero-tolerance approach to modern slavery and are committed to acting ethically and with integrity in all our business dealings and relationships.

Anti-Sexual Harassment Policy

An internal Committee has been set up to redress complaints received regarding sexual harassment. We have also appointed a lawyer as an external Committee member, who specializes in the Prevention of Sexual Harassment ("POSH") and Protection of Children against Sexual Offences Acts. All Happiest Minds who are a victim of or witnesses to sexual harassment or discrimination may raise a complaint in our internal WE HEAR Portal, either anonymously or by disclosing their identity.

Grievance Resolution Policy

The objective of this Policy is to provide guidelines to the Happiest Mind while raising issues or concerns occurred at the workplace to ensure they are addressed in a structured manner, encouraging each Happiest Mind to maintain a healthy work environment.

Equal Opportunity Statement

Happiest Minds certifies its support against discrimination and ensures that equal opportunities are administered in all aspects of employment including recruitment, training conditions of service, career progression, termination, or retirement, etc. This is also intended to guide Happiest Minds at all levels to act fairly and prevent discrimination and comply with applicable laws.

Health and Safety Policy

This health, safety and security policy of Happiest Minds elucidates to help protect its team member's health situation in case of an emergency and against any hazards and disaster that occurs while being at the office premises.

Whistle Blower Policy

This Policy encourages our people who have concern(s) about any actual or potential violation of the legal & regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc. any claim of theft or fraud, and any claim of retaliation for providing information to or otherwise assisting the Audit Committee, to come forward and express his/her concern(s) without fear of punishment or unfair treatment.

Data Privacy and Security

Happiest Minds started implementing General Data Protection Regulation (GDPR) in 2018 which marked our journey toward data privacy and security. Initial assessments were conducted following which, our team created data flow maps, evaluated corporate functions, and assessed privacy risks by deploying mitigation measures and control accordingly.

Some of the key policies/practices include:

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

Our ever-increasing demand for data privacy obligations and data privacy laws across the globe prompted us to implement ISO 27701, a Privacy Information Management System (PIMS) in December 2022 which effectively helped to document and practice standardized privacy policies and procedures.

Key Capabilities of the Integrated Information Security and Privacy System

Data Inventory

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

Data Subject Requests

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

Data Security

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

Data Classification

All types of data collected and retained are classified to identify confidential and personal information versus public data.

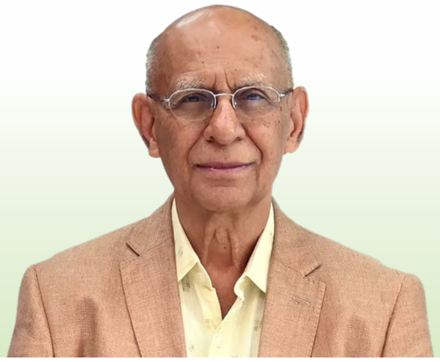
Vendor Management

To establish a comprehensive inventory of vendor who has a business relationship with Happiest Minds.

Oversight and Monitoring

Conduct audit programs and privacy reviews to ensure the proper implementation of security and privacy measures.

MANAGEMENT & LEADERSHIP



Ashok Soota
Executive Chairman

M M M BoD

Ashok Soota, a serial entrepreneur, and a pioneer of the Indian IT industry has led two companies to very successful IPOs: Happiest Minds (2020) and Mindtree (2007). He has been the President of the Confederation of Indian Industry (CII), a member of the Prime Minister's Task Force for IT and was on the Advisory Council for the World Intellectual Property Organization, Geneva. He is a Fellow of INAE and CSI and on the Board of Governors of the Asian Institute of Management (AIM), Philippines. He is a recipient of multiple awards for IT Person of the Year (Dataquest and Elcina) and Lifetime Achievement (ICSI, Financial Express, Dataquest and Chiratae Ventures, earlier IDG). In April 2022, Ashok announced the creation of Happiest Health, a knowledge enterprise focusing on health & wellness. In April 2021, he launched SKAN, India's first private sector, a non-profit organization dedicated to medical research on aging, neurological disorders, and the gut-microbiome axis. He also established in 2011 Ashirvadam, a Trust for environmental projects and assistance to the needy. Ashok has been included in Forbes' Asia Top 15 list of philanthropists in 2022.

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

M C M EB BoD

Joseph Anantharaju has over 25 years of professional experience and is primarily focused on helping technology and digital engineering companies unlock new growth levers. In 2011, Joseph became one of the co-founders of Happiest Minds. His instrumental role in establishing the Company's Product Engineering Services (PES) business unit helped substantiate its digital credentials and contributed to a successful IPO. Along with leading PES, Joseph offers guidance to the People Practice, Talent Acquisition, Operations, and Technology functions of Happiest Minds to ensure alignment with company strategy and customer interests. Joseph started his career in banking and manufacturing before foraying into the world of IT. Previously, he owned the P&L responsibility at Mindtree for the Microsoft Strategic business unit. In his stint with Aztecsoft (later acquired by Mindtree), he was first responsible for rapidly scaling it into a multi-million $ account.

Venkatraman Narayanan
Managing Director & CFO

M M M M EB BoD

With over 28 years of experience in general management, operations, finance and law, Venkatraman Narayanan is a fellow member of the Institute of Chartered Accountants of India and has been associated with our Company since April 2015. Prior to Happiest Minds, Venkat was CFO of Sonata Software, TeamLease Services, Perot Systems TSI (India), Transworks Information Services (through Aditya Birla Management Center), Mindtree, Director - Operations Oracle, and Senior Consultant at Arthur Andersen. He also served on the Board of Sonata's subsidiaries and Perot Systems.

Anita Ramachandran
Independent Director

M M C M M BoD

Founder of Cerebrus Consultants, Anita Ramachandran has over 40 years of experience as a management consultant in leading organizations. She is one of the first generations of women professionals to successfully spearhead an HR consulting and services organization. She has also worked with more than 700 companies across locations on a wide variety of HR projects. A thought leader and strategist, she is recognized as an authoritative figure in the compensation and rewards area under Reward Management in India. She works with several PE firms, mentors start-ups, and supports organizations in the social sector. Anita is currently on the Board of Grasim, Metropolis Healthcare, Kotak Life, Happiest Minds, and several other companies.

Board Committees

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

C CHAIRPERSON
M MEMBER

EB EXECUTIVE BOARD MEMBER
BoD BOARD OF DIRECTORS

Rajendra Srivastava
Independent Director

C C BoD

A distinguished scholar, Rajendra Srivastava is the Novartis Professor of Marketing Strategy and Innovation at the Indian School of Business (Hyderabad and Mohali, India). He also holds several prominent positions across academic institutions around the world. His research, spanning marketing and finance/economics, has been published in various leading journals. A recipient of multiple research awards, his work on Market-Based Assets in the JM received the Maynard Award, MSI/Paul Root Award and AMA-Sheth Foundation Award. His thought leadership is reflected in approximately 23,000 Google Citations referencing his work. He has consulted and delivered executive development programs across North and Latin America, Europe and Asia for multiple large technology and financial services firms.

Shuba Rao Mayya
Independent Director

C M C M M BoD

Shuba Rao Mayya has been associated with us since June 4, 2020, and has 30 years of experience in banking and insurance. Previously, she served as the Vice President at ICICI, Senior Vice President and Head - CSO branch operations at ICICI Prudential Life Insurance Company, and a General Manager at Tata Consultancy Services (previously TCS eServe). She also serves as an Independent Director on the Boards of Ace Designers, Ace Manufacturing System, Stovekraft, Le Travenues Technology Limited, and Confirm Ticket Online Solutions Private Limited (a material subsidiary company of Le Travenues Technology Limited).

Rajiv Shah
President & CEO,
Digital Business Services (DBS)

EB

An inspiring leader, Rajiv Shah is known for his 30 years of extensive experience across different sectors. He has also served in Board-level positions at Wipro Technologies, and IBS Software Services among others. He spearheaded various facets of IBS through global expansion, initiated acquisitions and integration of niche product companies, and facilitated a major transaction to provide a profitable exit to shareholders. He also led the financial and healthcare business units at Wipro and ran businesses as the CEO and Executive Director of other major IT companies.

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

EB

A seasoned and thoughtful leader, Ram Mohan has previously held notable positions at Mindtree: CISO, EVP, and Global Head of IMS for Enterprise Integration, Mainframe services, and APAC business. Before that, he was EVP - Operations of e4e. He was also the founder and COO of Vinciti Networks. With rich experience in service & product companies, Ram has 35+ years of experience in IMTS, including 25 years in senior management positions. He has played a key role in M&A activities. He has been a recipient of the CSO Award, the coveted Chairman's Award at Happiest Minds.

Board Committees

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

(C) CHAIRPERSON (M) MEMBER

EB EXECUTIVE BOARD MEMBER BoD BOARD OF DIRECTORS

OFFICERS OF THE COMPANY

Aurobinda Nanda
President – Operations & Deputy Chief Executive Officer, PES

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

Praveen Kumar Darshankar
Vice President & Head of Legal, Company Secretary & Compliance Officer

Preeti Menon
Senior Vice President & Global Delivery Head, PES

Priya Kanduri
Senior Vice President & CTO, IMSS

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

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

Sachin Khurana
Vice President & Chief People Officer

Sajith S Kumar
Senior Vice President & Chief Information Officer

Sridhar Mantha
Executive Vice President & Chief Technology Officer

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

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

GRI CONTENT INDEX

Statement of use Happiest Minds Technologies Limited has reported the information cited in this GRI content index for the period FY 2022-23 with reference to the GRI Standards.

GRI 1 used GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1: Organizational details	Pages 15, 112 & Refer 'Corporate Information' (at the end of the Integrated Annual Report)
	2-2: Entities included in the organization's sustainability reporting	Page 15
	2-3: Reporting period, frequency and contact point	Page 7 & Refer 'Corporate Information' (at the end of the Integrated Annual Report)
	2-6: Activities, value chain and other business relationships	Pages 46-59
	2-7: Employees	Page 164
	2-9: Governance structure and composition	Pages 88-96, 152
	2-10: Nomination and selection of the highest governance body	Pages 103, 148
	2-11: Chair of the highest governance body	Page 152
	2-12: Role of the highest governance body in overseeing the management of impacts	Pages 62-67, 147-151
	2-13: Delegation of responsibility for managing impacts	Pages 147-151
	2-14: Role of the highest governance body in sustainability reporting	Pages 67, 167
	2-15: Conflicts of interest	Pages 154, 169
	2-16: Communication of critical concerns	Pages 90, 148, 150, 160, 165
	2-18: Evaluation of the performance of the highest governance body	Pages 103, 146, 149
	2-19: Remuneration policies	Pages 103, 120, 121, 152
	2-20: Process to determine remuneration	Page 103
	2-21: Annual total compensation ratio	Page 113
	2-22: Statement on sustainable development strategy	Pages 62-64
	2-23: Policy commitments	Pages 67, 89-90 and https://www.happiestminds.com/investors/policy-documents/
	2-24: Embedding policy commitments	Pages 71, 106, 145, 151
	2-25: Processes to remediate negative impacts	Pages 90, 172, 175
	2-26: Mechanisms for seeking advice and raising concerns	Pages 90, 104, 175
	2-27: Compliance with laws and regulations	Pages 154, 155, 168, 169, 180
	2-28: Membership associations	Page 182
	2-29: Approach to stakeholder engagement	Pages 32-33
	2-30: Collective bargaining agreements	Page 172
GRI 3: Material Topics 2021	3-1: Process to determine material topics	Page 34
	3-2: List of material topics	Page 34
	3-3: Management of material topics	Pages 35-37
GRI 201: Economic Performance 2016	201-1: Direct economic value generated and distributed	Pages 46-47, 68
	201-2: Financial implications and other risks and opportunities due to climate change	Pages 35, 71
	201-3: Defined benefit plan obligations and other retirement plans	Pages 171, 218, 246

happiest minds
The Mindful IT Company
Born Digital . Born Agile

GRI STANDARD	DISCLOSURE	LOCATION
GRI 202: Market Presence 2016	202-1: Ratios of standard entry level wage by gender compared to local minimum wage	Page 175
GRI 203: Indirect Economic Impacts 2016	203-1: Infrastructure investments and services supported	Page 83 (Sustainable projects at Vidyakshetra)
GRI 205: Anti-corruption 2016	205-2: Communication and training about anti-corruption policies and procedures	Pages 89, 168, 169
	205-3: Confirmed incidents of corruption and actions taken	Page 169
GRI 207: Tax 2019	207-1: Approach to tax	Pages 138, 205, 219
	207-2: Tax governance, control, and risk management	Page 219
	207-3: Stakeholder engagement and management of concerns related to tax	Pages 32-37
	207-4: Country-by-country reporting	Pages 258, 284, 341, 342
GRI 302: Energy 2016	302-1: Energy consumption within the organization	Page 178
	302-3: Energy intensity	Page 178
	302-4: Reduction of energy consumption	Pages 118, 169, 179
GRI 303: Water and Effluents 2018	303-3: Water withdrawal	Page 178
	303-4: Water discharge	Page 180
	303-5: Water consumption	Page 178
GRI 305: Emissions 2016	305-1: Direct (Scope 1) GHG emissions	Page 179
	305-2: Energy indirect (Scope 2) GHG emissions	Page 179
	305-4: GHG emissions intensity	Page 179
	305-7: Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Page 178
GRI 306: Waste 2020	306-3: Waste generated	Page 179
	306-4: Waste diverted from disposal	Page 179
	306-5: Waste directed to disposal	Page 179
GRI 308: Supplier Environmental Assessment 2016	308-2: Negative environmental impacts in the supply chain and actions taken	Page 73
GRI 401: Employment 2016	401-1: New employee hires and employee turnover	Pages 2, 85, 164
	401-3: Parental leave	Page 171
GRI 403: Occupational Health and Safety 2018	403-9: Work-related injuries	Page 173
	403-10: Work-related ill health	Page 173
GRI 404: Training and Education 2016	404-1: Average hours of training per year per employee	Page 86
	404-2: Programs for upgrading employee skills and transition assistance programs	Pages 86-87, 172
	404-3: Percentage of employees receiving regular performance and career development reviews	Page 172
GRI 405: Diversity and Equal Opportunity 2016	405-1: Diversity of governance bodies and employees	Pages 78, 92-95, 164
GRI 406: Non-discrimination 2016	406-1: Incidents of discrimination and corrective actions taken	Page 176
GRI 418: Customer Privacy 2016	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 185

STATUTORY REPORTS

FINANCIAL STATEMENTS

Standalone Financial Statements

Consolidated Financial Statements

Board's Report

Dear Members,

Your Directors take pleasure in presenting the Twelfth Annual Report covering the highlights of the finances, business, and operations of your Company. Also included herein are the Audited Financial Statements of the Company (standalone and consolidated) prepared in compliance with Ind AS accounting standards, for the financial year ended March 31, 2023.

Highlights of Financial Performance

(Amount in ₹ lakhs)

Description	Standalone		Consolidated	
	March 31,2023	March 31, 2022	March 31, 2023	March 31, 2022
Revenue from Operations	1,33,255	1,03,354	1,42,929	1,09,365
Other Income	2,234	3,771	2,111	3,710
Total Income	**1,35,489**	**1,07,125**	**1,45,040**	**1,13,075**
Employee benefits expense	78,690	61,210	80,681	62,000
Depreciation and amortization	2,996	2,423	4,191	3,288
Finance cost	2,150	830	2,186	995
Other expenses	22,485	17,577	26,362	21,598
Total expenses	**1,06,321**	**82,040**	**1,13,420**	**87,881**
Profit / (Loss) before Exceptional Items and Tax	**29,168**	**25,085**	**31,620**	**25,194**
Exceptional (Income) / Expense	-	-	(634)	(609)
Profit / (Loss) before Tax	**29,168**	**25,085**	**30,986**	**24,585**
Tax expense	7,530	6,437	7,887	6,465
Profit / (Loss) after Tax	**21,638**	**18,648**	**23,099**	**18,120**
Earnings per share (Basic)	15.11	13.21	16.13	12.84
Earnings per share (Diluted)	15.00	12.91	16.01	12.55
Attributable to:				
Shareholders of the company	21,638	18,648	23,099	18,120
Opening balance of retained earnings	22,388	10,637	21,773	10,550
Dividend on equity shares	(5,715)	(6,830)	(5,715)	(6,830)
Other Comprehensive income recognised directly in retained earnings	(94)	(73)	(116)	(73)
Transferred from share option outstanding reserve for options forfeited	23	6	23	6
Closing balance of retained earnings	38,240	22,388	39,064	21,773

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

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

Management Discussion and Analysis

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

Dividend & Transfer to Reserves

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

In accordance with the said policy, your Directors declared an interim dividend of ₹ 2/- per equity share in the Board meeting held on October 20, 2022, and are pleased to recommend a final dividend of ₹ 3.40 /- per equity share for the financial year ended March 31, 2023, i.e., the total dividend for the current financial year under review being ₹ 5.40/- per equity share (previous financial year - ₹ 3.75/- per equity share). If the above recommendation is accepted by the Members of the Company at the ensuing Annual General Meeting, the total outflow on this account will be ₹ 7930.63 lakhs.

Your Directors do not propose to transfer any amounts to the general reserves of the Company, instead have recommended to retain the entire profits for the financial year ended March 31, 2023, in the profit and loss account.

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

Mergers & Acquisitions

Your Company has an active investment committee represented by two executive members of the Board who continuously evaluate M&A opportunities that can complement or augment capabilities in strategic focus areas, and help the Company increase its geographic outreach in the chosen markets. Emphasis is given to capabilities that can help the Company further its digital vision for its customers. Your company evaluates each acquisition candidate and ranks it on various parameters such as people/culture fitment, technology and industry focus, partnerships/alliances, geographical strength, offshore presence, and consulting capabilities.

During the year under review, your Company acquired Sri Mookambika Infosolutions Private Limited (SMI), a Madurai headquartered, profitable, IT services company through a combination of upfront and deferred equity consideration totaling ₹ 11,132 lakhs. With 400+ offshore-based employees, SMI has an annual run rate in revenues of circa US$ 9 Million. SMI provides product engineering services to its US customers around Enterprise Applications & Integrations, Digital Data Platform Services (Analytics, Data Strategy, AI/ML, User Experience), Mobility Services and DevSecOps. Certified as a CMMI Level 3 and ISO 9001:2015 company, SMI delivers its engagements through agile delivery leveraging mature and industry-standard software engineering and development practices. SMI has over the years built deep domain expertise around the healthcare vertical.

The acquisition of SMI was effective from January 01, 2023, and has strengthened your Company's offerings and leadership in the healthcare vertical with delivery capabilities in tier-2 locations like Madurai and Coimbatore.

Subsidiary Company

As of March 31, 2023, your Company had two wholly-owned subsidiary companies viz., Happiest Minds Inc., USA (formerly PGS Inc.) and Sri Mookambika Infosolutions Private Limited., Madurai, India. The statement under Section 129(3) of the Companies Act, 2013 in respect of the subsidiaries in Form AOC-1 is attached as Annexure I. The Consolidated Accounts of your Company duly audited by the Statutory Auditors are presented as part of this Report.

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

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

Recognitions

We are happy to inform that your Company and its Executives have received the following recognitions during the year:

- Recognition in Zinnov Zones Intelligent Automation Services H1 2023
- Winner of ISG Digital Case Study Awards 2022
- Winner of the ICAI Award for Excellence in Financial Reporting 2021-22
- MD & CFO, Mr. Venkatraman Narayanan, recognized as a 'Leading CFO of the Year' at the CII CFO Excellence Awards 2022
- Top 50 India's Best Workplaces for Building a Culture of Innovation 2023
- Top 10 India's Best Workplaces in Health & Wellness 2022
- Priya Kanduri is honored with Women In Tech Leadership Awards 2023' by AIM
- Priya Kanduri for being honored as "Women in Work Achiever of the Year" 2023 by FKCCI
- Recognition as 'Major Contender' in Everest MDR Services PEAK Matrix Assessment
- Recognized in Zinnov Zones as a Leader in Enterprise Software, Leader in Software Platform Engineering, Leader among SMSPs for ER&D Services, and Leader among SMSPs in Data & AI Engineering
- India's Top 25 Best Workplaces in IT & IT-BPM 2022

- Winner of the CULT.fit "India's Fittest Disruptors 2022" Award
- GOLD for 2022 Integrated Annual Report from the League of American Communication Professionals (LACP)
- Won Multiple Awards at ICSI 2022
  - Best Governed Company in Listed Segment: Medium Category at the 2022 National Awards for Excellence in Corporate Governance
  - CS Praveen Kumar Darshankar presented the 'Governance Professional of the Year'
  - Ashok Soota conferred 'ICSI Lifetime Achievement Award for Excellence in Corporate Governance'
- Priya Kanduri honored with "Outstanding Leadership Award" at Internet 2.0 Conference, Dubai
- Sushilkumar Nahar recognized as a "Game Changer" at the CIO100 Awards 2022
- Recognition as 'Major Contender' in Everest Industry 4.0 PEAK Matrix® 2022
- Recognition as 'Aspirant' in Everest's IT Security Services PEAK Matrix® 2022 –North America
- Winner of Golden Peacock Corporate Governance Award 2022
- Recognized among Top 50 India's Best Workplaces for Women 2022
- Recognized among the Best Workplaces in Asia 2022
- Received Select Tier Partner Status with Snowflake
- Positioned as an 'Innovator' in NelsonHall's Digital Banking Services NEAT Report
- Recognized as 'Major Contender' in Everest's Digital Product Engineering PEAK Matrix
- Ranked #29 in India's Best Companies To Work For 2022
- AI/Analytics CoE winner at the ET DataCon Awards 2022
- Ashok Soota is conferred with the prestigious CII Quality Ratna Award 2021
- Finalist for the 2022 Microsoft Power Automate Partner of the Year Award
- Priya Kanduri wins the 'Women in AI' award at Trescon World AI show, Dubai

Share Capital and Debentures

During the year under review, your Company did not issue any shares. The paid-up equity share capital as on March 31, 2023, was ₹ 293,727,112/- consisting of 146,863,556 equity shares of ₹ 2/- each.

Your Company has issued 4,500 rated, listed, negotiable, unsecured, redeemable non-convertible debentures of the nominal value of ₹ 1,00,000/- each and are listed on the Bombay Stock Exchange (BSE).

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

Directors and Key Managerial Personnel

As on March 31, 2023, the Board of Directors of your Company comprised of six Directors, viz., three Executive Directors and three Independent Directors including two women Directors. As per the Articles of Association of the Company, one third of the Directors (other than Independent Directors) are liable to retire by rotation at the Annual General Meeting ("AGM") of the Company, every year. Mr. Joseph Anantharaju (DIN 08859640) retires by rotation at the ensuing 12th AGM and being eligible, offers himself for re-appointment.

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

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

Policy on Nomination and Remuneration of Directors

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

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

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

Familiarization Program for Independent Directors

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

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

Board Evaluation

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

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

Some of the suggested action plans that are being implemented during FY 2023-24 are as below:

1. To expand the Board/Committees with induction of one Independent Director and one Executive Director.
2. To organize professional development programs for the Directors.
3. To focus more on strategic challenges and opportunities for FY 2023-24.

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 the Annual Report.

Board Meetings

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

Corporate Governance

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

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

Employees Stock Option Plan (ESOP)

During the year under review, no fresh grants were made under the Happiest Minds Employee Stock Option Scheme 2020, however, your Company facilitated the transfer of 9,04,591 Equity Shares of ₹ 2/- each by the Happiest Minds Technologies Share Ownership Plans Trust to the employees who exercised their options under the old schemes.

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

Pursuant to the requirements of the SEBI (Share Based Employee Benefits) Regulations, 2014, a certificate has been issued by the Secretarial Auditors of the Company confirming that the Plan has been implemented in accordance with the said Regulations and in accordance with the resolution passed by the Company in the General Meeting.

As required under the SEBI (Share Based Employee Benefits) Regulations, 2014, the applicable disclosures as on March 31, 2023, are uploaded on the website of the Company at https://www.happiestminds.com/investors/disclosures/.

Code for Prevention of Insider Trading

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

Vigil Mechanism

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

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

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

Annual Return

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

Software Technology Park

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

Deposits

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

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

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

Loans, Guarantees and Investments

Pursuant to Section 186 of the Companies Act, 2013 and Schedule V of the Listing Regulations, disclosure on particulars relating to Loans, Advances, Guarantees, and Investments are provided as part of the financial statements.

Related Party Transactions

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

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

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

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

Auditors & Auditors' Report

The current Statutory Auditors of the Company are M/s. Deloitte Haskins & Sells (ICAI registration number 008072S) who have been appointed at the 10th AGM of the Company held on July 7, 2021 to hold office for a term of 5 years i.e., till the conclusion of the 15th AGM.

The Auditors' Report does not contain any qualification, reservation, or adverse remark on the financial statements for the financial year ended March 31, 2023. The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed M/s. V Sreedharan & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report issued by them for the financial year ended March 31, 2023, is attached as Annexure VIII to this Report. The Secretarial Audit Report does not contain any qualifications, reservations, or adverse remarks.

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

Sustainability and Corporate Social Responsibility (CSR)

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

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

Risk Management

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

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

- Identification of key risk areas
- Assessment of key risks for probability and impact
- Prioritization
- Formulation of response

- Identification of Owners
- Participation by Owners in outlining mitigation plans
- Reporting on adequacy and effectiveness
- Acceptance of residual risk

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

Significant Risks areas which have been Identified and are Constantly Monitored are:

1. **Financial Risks:**
    a. Foreign currency fluctuation
    b. Customer credit
    c. Profitability and sustenance of the business
    d. Availability of credit and liquidity management
2. **Business Risks:**
    a. Concentration of revenues
    b. New, emerging disruptive technologies and their impact on business, and delivery
    c. Shrinking product development cycles
    d. Customers insourcing
3. **Operational Risks:**
    a. Data privacy, social media
    b. Talent availability and timely staffing of projects
    c. Optimal resource utilization
    d. Contractual commitments and project delivery challenges
    e. Business continuity
4. **Legal and Regulatory:**
    a. Compliance with local legislation in the geographies we operate in
    b. Dynamic and ever-changing immigration and travel laws
5. **Projects Delivery related risk**
    a. Related to change meeting timelines, estimated effort
    b. Quality of deliverables
6. **Information Security Risks**
    a. Loss of Happiest Minds' or Customer Intellectual Property (Assets, Code, documents etc.,)
    b. Privacy breach, sharing of sensitive data without requisite approvals
    c. Phishing, Malware and Ransomware attacks

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

People Practices.

The People Practice team rose to the challenges of working in a "Phygital" environment last year, promoting a culture of wellbeing, happiness, and innovation. As a result of a flurry of initiatives and high-impact interventions, we have been able to establish a distinct brand positioning. A competition for talent dominated the IT industry in the first half of the year, followed by market consolidation, business realignments, and market corrections. Despite these circumstances, our net adds amounted to 749 members, contributing to an 18% growth rate both organically and inorganically. We have stayed ahead of the curve through the proper adoption of technology and industry best practices. Additionally, the brand representation, practices, and positioning helped us attract talent. On Glassdoor, our members and alumni rate us highly, with a 4.3 rating, the highest in the industry. FY 2022-23 was largely a virtual operation. However, we have worked hard to create buzz around the return to work in Q3 and Q4.

Reflecting on the past year, it is important to acknowledge the challenges we faced and how we overcame them through our actions and mindfulness. Despite industry uncertainty and the impact of COVID, we have been able to incorporate SMILES values, which has positively impacted our productivity and internal satisfaction. Having prioritized mindfulness and workplace wellbeing has proven to be one of the most valuable lessons.

To create an environment conducive to learning, open communication and a sense of belonging were essential. In addition, to hosting a virtual town hall, leadership connects, benefits communication series, awareness programs, and team building events, the People Practice team held multiple connect & team events. Additionally, Happometer usage also surged, resulting in many connections.

As mental health awareness increased and the pandemic continued, Happiest Minds proactively continued its commitment to employee wellness. Our existing programs continued to support Happiest Minds and their families, including tele-doctor consultations, Mithra counselling support, leave donation programs, ergonomics consultations, financial wellness, webinars on mental, emotional, and physical well-being, and the Compassionate & Caring Contribution Scheme. As part of our commitment to inclusive policy making, we have defined several policies based on feedback. As a result of some significant changes to the R&R Policy, participation increased by 70% last year. We have developed customized benefits and policies for our members based on their valuable feedback, with the aim of better meeting their individual needs and preferences. In addition, extensive work has been done in both India and globally on streaming policies. Consistent with our annual tradition, the Diversity and Inclusion Summit facilitated meaningful dialogues, strategic planning, and innovative initiatives aimed at cultivating a diverse, inclusive, and equitable work environment for all our members.

Continuing our agile recruitment practices, we have focused on diversity and inclusion as one of our pillars, and our commitment to the cause can be seen in our laser-focused approach to hiring at least 40% women from the campus, as well as conducting dedicated recruiting drives to hire women members. It was a rewarding and enriching experience for us all last year to hire people with disabilities as part of an inclusive hiring program. Additionally, we are immensely pleased to have worked on the gender-neutralization of our people practice documents.

In Q4 FY 2022-23, we completed a successful acquisition of Sri Mookambika Infosolutions based out of Madurai and Coimbatore. Through this acquisition, we have added 381 members to our ever-growing Happiest Minds family. As part of our commitment to be present in tier 2 cities, we also invested in new office setups at Bhubaneswar, Madurai, and Coimbatore.

Happiest Minds invested heavily last year as part of its upskilling, cross-skilling and certification programs for professional growth and development of its people. A comprehensive leadership succession plan has also been created across levels. Additionally, various tracks have been enriched and empowered, such as delivery managers, architects, and business analysts. Our focus for the coming year will be to ensure and create new tracks in addition to progressing on them.

This year we were part of the GPTW survey and have been recertified with high scores. In addition, Happiest Minds received a number of industry awards during the past year, including Top 50 India's Best Workplaces Building a Culture of Innovation by All- India 2023, Top 10 India's Best Workplaces in Health and Wellness 2022, Top 25 India's Best Workplaces in IT & IT-BPM 2022, Top 50 India's Best Workplaces for Women for the year 2022, Best Workplaces in Asia List for the year 2022 for creating & sustaining a High Trust, High-Performance Culture by Great Place to Work® Institute (GPTW). Happiest Minds also features in India's Top 50 Best Companies to Work' for the year 2022. Priya Kanduri, Senior Vice President & CTO, IMSS won 'Women in AI' award at Trescon World AI show, Dubai, recognized as one of the "Cyber Security Executive of the Year" during Annual Summit 2022, honored as Women In Tech Leadership Awards 2023' by AIM, honored as "Women in Work Achiever of the Year" 2023 by FKCCI, and also won the "Outstanding Leadership Award" at the Internet 2.0 Conference 2022. This is also a testament to our efforts to ensure a happy and agile workplace.

Our commitment to fostering a culture of innovation has been recognized by industry experts, as evidenced by our awards as an 'Innovator' in NelsonHall's Digital Banking Services NEAT Report or as a winner at the ET DataCon Awards 2022 for our AI/Analytics CoE beyond others. We continue to push boundaries and co-create cutting-edge solutions with partners such as Microsoft, CloudFabrix, Snowflake, ServiceNow, Pimcore, and many others, enabling us to drive value and stay ahead of the curve.

As work dimensions evolve, we continue to integrate technology to enhance communication, collaboration, and productivity. As an organization, we focus on creating a positive experience for our people, including customized development plans, flexible work arrangements, and perks that align with their interests. Our goal is to create a diverse and inclusive workforce for the future, and we are committed to building a $1 billion company in the next 7 years.

Quality Management System (QMS)

1. Quality Policy

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

2. QMS Framework

Our strategy for continual quality improvement is derived from our Vision, business needs, technology changes, customer feedback, suggestions, and process performance. Our quality processes are derived from industry best practices and are continually improved based on our experience, and our processes have been assessed by external accredited agencies. Your Company has received accreditation on international quality and process models, including ISO 9001:2015. In December 2021, your Company was recertified for ISO 9001:2015 with the external auditors applauding our focus on the digitization of internal processes. There was surveillance audit for ISO 9001:2015 in December 2022. In addition, your Company is certified to Information Security standards like ISO 27001:2013 and privacy standards like ISO 27701:2019 which guides our policies and procedures for protecting information security, our own software enablers and customers' software enablers. We have started our journey towards medical device standards of ISO 13485:2016 which will help us align our process with medical regulatory standards of various regions (Ex: FDA). We plan to get certified to the medical device standard in FY 2023-24. This would help to enhance our business capabilities and grow our business in the medical devices domain.

3. Engineering Practices

Engineering practices form the crux of successful delivery. Our engineering practices help your Company deliver high-quality software to its customers as per the planned timelines and consistently earn their trust and enable customer happiness. We measure the satisfaction levels of our customers every year and have been consistently improving on the scores, year after year since inception. Our digital driven engineering practices have been well accepted by our customers with some of them adopting these practices in their internal processes. We have adopted Agile practices to support our Mission of "Born Digital . Born Agile".

4. Systems Driven

Our projects are managed using systems to track project management practices and engineering practices for projects managed within your Company. This is in line with our digital focus on processes and practices. Our Integrated Project Management system helps the delivery to have an end-to-end view of the project at all levels of the management to provide enhanced delivery value to our customers. There are regular updates done to the system. Our projects that are adopting Agile methodologies are using JIRA to plan, track and manage the projects to decrease the turnaround of the shippable products to our customers. The usage of JIRA in extensive to plan epics, plan sprints, manage sprints and to manage releases. We also have built Business Intelligence (BI) reports and Metrics Dashboards which help in taking proactive actions.

5. Code Quality

Apart from regular code reviews process our projects extensively use Code Quality tools to check the code on various parameters. We have defined Code Quality Index based on the Code Quality metrics and this helps us to deliver high-quality outputs to our customers. We have created groups for focused code review and critical codes will be undergoing this code review.

6. Rapid Iteration and Experimentation

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

7. DevOps and Automation

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

8. Information Transparency

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

9. Continuous Learning

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

10. 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, Application Support and Maintenance Life Cycle, Embedded System Software, Waterfall Model for Software Development and Hardware Development Life Cycle. We also defined methodologies for Infrastructure and Security Services. These methodologies along with our best practices help us provide value added services to our customers.

11. Involve to Evolve

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

12. Rewards and Recognitions

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

13. Customer Connect

Your Company has a 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. As part of this framework, we conduct Customer Happiness Survey, Customer Pulse, bringing Value Adds, etc. We also make sure we have regular reviews with our customers to provide status on current engagement and discuss how we could further help our customers in their IT journey.

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

Internal Control System

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

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

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

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

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

Directors' Responsibility Statement

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

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

(ii) Accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the FY 2022-23 and of the profit or loss of the Company for that financial year.

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

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

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

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

Secretarial Standards

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

Cost Audit

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

Insolvency and Bankruptcy Code

During the year, there was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016), hence the requirement to disclose the details of application made or proceeding pending at the end of financial year is not applicable.

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

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

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

The Prevention of Sexual Harassment (POSH) Act, 2013 has been a significant legislation in India aimed at preventing sexual harassment. The act was enacted to provide a safe and secure working environment for women, and to prevent sexual harassment in the workplace. This act has been significant in fostering teamwork, diversity, and trust across our company. We at Happiest Minds strive to create a safe and professional working environment. Besides having a gender neutral Anti-Sexual Harassment Policy at work, we also adhere to the requirements of the Sexual Harassment of Women at Work (Prevention, Prohibition and Redressal) Act, 2013. For resolving complaints received regarding sexual harassment, an internal committee has been established. Additionally, an attorney who specializes the Prevention of Sexual Harassment ("POSH") and Protection of Children against Sexual Offences Acts has been appointed to our Internal Committee.

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

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

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

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

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

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

Disciplinary action: No disciplinary actions were taken as there were no complaints registered in the year.

Compliance: Based on the subsection of the POSH Act we have also filed for an annual Report on April 02, 2023 with the competent authorities. All required documents in compliance with the POSH Act have been filed. There have been no non-conformities or observations identified by our competent authorities.

Other Action taken to create awareness: As we slowly began returning to work, most of last year was spent in a hybrid mode. Regular communication and awareness mailers were sent about POSH applicability, along with dos and don'ts. Additionally, the POSH posters have been displayed alongside the statutory boards as part of compliance.

This year we have revisited the composition of our POSH Committee based on the movement of individuals.

The committee exited the following members

1. Meenakshi KC

The committee also added the following Members

1. Impa Tejas

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

Full Disclosure Statement: While the provision of the POSH Act covers and protects the women members who are subjected to sexual harassment, we have taken cognizance to expand the scope of our sexual harassment policy to cover all members irrespective of gender, caste, class, race, ethnicity or affinity, however, within the confines of the proposed act. This Policy applies to all members regardless of their position or contractual status, i.e., permanent, short-term contract, visitors, and casual employees. Additionally, all complaints (if any) received by the IC are reviewed by the IC and kept confidential.

Acknowledgements

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

For and on behalf of Board

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

Bengaluru
Dated: June 16, 2023

Annexure I to Board's Report

Form AOC-1

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

Part A Subsidiaries

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

1	Name of the subsidiary	Happiest Minds Inc	Sri Mookambika Infosolutions Private Limited
2	The date since when subsidiary was acquired	January 1, 2021	January 1, 2023
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 1, 2022, till March 31, 2023	April 1, 2022, to March 31, 2023 (Consolidated from January 1, 2023)
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 – 82.165	Reporting currency - ₹

	Financial Details as on March 31, 2023	Amount in ₹ lakhs	Amount in ₹ lakhs
5	Share capital	82	10
6	Reserves and surplus	(2,063)	2,507
7	Total assets	5,422	2,678
8	Total Liabilities	7,403	161
9	Investments	1,296	-
10	Turnover	12,511	2,053
11	Profit before taxation	2,435	533
12	Provision for taxation	653	129
13	Profit after taxation	1,782	404
14	Proposed Dividend	-	-
15	Extent of shareholding (in percentage)	100%	100%

Notes:

1. Names of subsidiaries which are yet to commence operations- Nil
2. Names of subsidiaries which have been liquidated or sold during the year- Nil
3. Part B of the Annexure is not applicable as there are no Associate Companies / Joint Ventures of the Company as on March 31, 2023

For and on behalf of Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Praveen Kumar Darshankar
Company Secretary
Membership No. F6706

Bengaluru
Dated: June 16, 2023

Annexure II to Board's Report

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

1. The ratio of the remuneration of each Director and Key Managerial Personnel to the median remuneration of the employees of the Company for the financial year ended March 31, 2023, and percentage increase in remuneration compared to last financial year:

Director/ KMP	Designation	% increase in remuneration compared to last FY	Ratio to median remuneration of employees
Mr. Ashok Soota	Executive Chairman	12%*	9.76
Mr. Venkatraman Narayanan	Managing Director & CFO	12%*	10.16
Mr. Joseph Vinod Anantharaju	Executive Vice Chairman	9%*	28.74
Mr. Rajendra Kumar Srivastava	Independent Director	NA	2.22
Mrs. Shuba Rao Mayya	Independent Director	NA	1.85
Mrs. Anita Ramachandran	Independent Director	NA	1.85
Mr. Praveen Kumar Darshankar	Company Secretary & Compliance Officer	17%	4.33

*The increment was approved in the Board Meeting held on October 20, 2022

Note:

For the purpose of calculation of median, salary at global level with conversion rate as of March 31, 2023, has been considered. The median salary at global level of employment is ₹ 13,50,000 and at India level of employment is ₹ 13,00,000.

2. Percentage increase in the median remuneration of employees in the financial year ended March 31, 2023: 15.1%

3. No. of permanent employees on the rolls of Company as on March 31, 2023, was 4,233

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

   16.8% increase in remuneration in salaries of employees other than managerial personnel against 12.5% increase in salary of managerial personnel. There has been no exceptional remuneration increase for managerial personnel.

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

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

For and on behalf of Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 16, 2023

Annexure III to Board's Report

FORM NO. AOC.2
Details of Related Party Transaction
(Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

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

(a)	Name(s) of the related party and nature of relationship	**Not Applicable.**
(b)	Nature of contracts/arrangements/transactions	There were no transactions or arrangements which were not at arm's length, and which were not in the ordinary course of business during FY 2022-23.
(c)	Duration of the contracts/arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	Date of approval by the Board	
(g)	Amount paid as advances, if any:	
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

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

(a)	Name(s) of the related party and nature of relationship	**Not Applicable.**
(b)	Nature of contracts/arrangements/transactions	There were no material contracts or arrangements with related parties during FY 2022-23.
(c)	Duration of the contracts/arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Date of approval by the Board	
(f)	Amount paid as advances, if any:	

For and on behalf of Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 16, 2023

Annexure IV to Board's Report

Annual Report on CSR

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

1. Brief outline on CSR Policy of the Company:

The CSR policy has been instituted based on the Corporate Social Responsibility (CSR) philosophy of your Company and is committed to undertaking 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 contribute towards the betterment of 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 the CSR Policy gives an overview of the projects and programmes that are proposed to be undertaken by the Company in the coming years.

2. The Composition of the CSR Committee:

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

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

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

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

c) CSR projects approved by the Board: https://www.happiestminds.com/investors/disclosures/CSR-projects-approved-by-the-Board-for-FY-23.pdf

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

5. a) Average net profit of the company as per sub-section (5) of section 135: ₹16,121 lakhs

b) Two percent of average net profit of the company as per sub-section (5) of section 135: ₹322 lakhs

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

d) Amount required to be set-off for the financial year, if any: ₹21 lakhs

e) Total CSR obligation for the financial year [(b)+(c)-(d)] : ₹301 lakhs

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

Ongoing Project : NIL

Other than ongoing projects: ₹333 lakhs (Refer Annexure IV(a))

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

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

d) **Total amount spent for the Financial Year [(a)+(b)+(c)]:** ₹333 lakhs

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

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount.	Date of transfer.	Name of the fund	Amount	Date of Transfer
333	NIL	NIL	NIL	NIL	NIL

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

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	322
(ii)	Total amount spent for the Financial Year (including 21 lakhs excess spent for last three financial years)	354
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	32
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	0
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	32

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

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

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

For and on behalf of Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 16, 2023

Annexure IV (a)

1	2	3	4	5		6	7	8	9	
Sl. No	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Allotment (in ₹ lakhs)	Amount spent for the project (in ₹ lakhs)	Mode of implementation Direct (Yes/No).	Mode of implementation Through implementing agency	
				State	District				Name	CSR Registration Number
1	Tree Plantation - Social Impact Project (Exclusive Adoption)	Environmental sustainability	Yes	Odisha	Bhanjpur	164	164	Yes	Grow Tress (Pangea EcoNetAssets Private Limited)	-
2	Meal donation under PM POSHAN Programme	Promoting education and eradicating hunger	Yes	Karnataka	Bengaluru	126	126	Yes	The Akshaya Patra Foundation	CSR00000286
3	Eco-Construction of weaving room, Soil Enrichment, Guashala, and Educational Trips	Education/ Environmental sustainability	Yes	Karnataka	Bengaluru	20	20	Yes	Vidyakshetra Vidyapeeth	CSR00028670
4	Promoting education	Education	Yes	Karnataka	Bengaluru	10	10	Yes	Bethany Education Board	-
5	Donation of insulin for under privileged children with Type 1 diabetes	Healthcare	Yes	Karnataka/ Tamil Nadu	Bengaluru/ Coimbatore	10	10	Yes	Idhayangal Charitable Trust	CSR00003135
6	Distribution of upcycled footwears	Environmental sustainability	Yes	Karnataka	Bengaluru	3	3	Yes	Greensole Foundation	CSR00003279

For and on behalf of Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 16, 2023

Annexure V 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.

To affirm its commitment to Company's ESG Vision and to proactively reduce its carbon footprint, the Company has invested in renewable energy project, specifically rooftop based solar energy for office spaces. In our Madivala campus, Bengaluru, we have installed solar panel, from which on average, we are harvesting 800 units/day summing upto 163,366 units between August 17, 2022 to March 31, 2023. We have also started installing solar panels at our Electronic city campus, Bengaluru and are expected to be completed by July 2023.

Your Company has stopped using disposable paper cups completely on the campus and has limited packaged drinking water. Your Company has also started converting organization waste and garden waste into organic manure for plants

Furthermore, your Company is evaluating the process to set up electric vehicle charging infrastructure to promote the use of alternate use of fuel and energy.

B. Technology Absorption

Your Company continues to track trends and latest developments in various technology areas, including those related to Mobility, Big Data Analytics & AI, Security, Cloud Computing, IoT. Your Company has taken major initiatives and upped its leadership in Low-Code Application Platforms and Analytics/AI space. Your company developed solutions in Digital Process Automation leveraging intelligent process automation tools and technologies. It has also deepened its partnership with Microsoft for Azure Implementations, Power Platform, Business Applications and Amazon AWS as consulting partner. Your Company has also entered in Health & Life Sciences, Manufacturing/Automotive space, which helps increase the knowledge base within your Company, and enhances the ability of your Company to undertake larger and more complex projects that are of higher value. Your Company started to invest in emerging technologies like Large Language Models (ChatGPT, CoPilot etc.), Metaverse, Web3.0, Low Code Platforms, OT Security, Marketing Analytics and strengthening capabilities in Deep Neural Networks (Computer Vision), Blockchain, Drones, Edge Computing etc. 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 sales volumes and improving delivery capability. Your Company continued developing capabilities and creating solutions in newer technologies like Large Language Models (ChatGPT, CoPilotX etc.) Metaverse, Web 3.0, Low-Code Platform, Digital Process Automation, AI, Blockchain, Robotics & Drones leveraging Computer Vision, Edge Computing etc. Your Company has created additional solutions like Cognitive QA to help customers with efficient testing. Your Company has developed IP & Solutions and new services through R&D investment and has built and added new capabilities in the existing solutions - Compliance Vigil, Ellipse – Infrastructure Management, Digital Content Monetization, Pro-RiTE Test Automation Solution, UniVu-University Insights Solution and Thing Center – Consumer IoT platform, Connected Product Solution, Power Platform CoE, Conversational Chatbot, accelerators around Pimcore etc.

(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 acquire new customers in the focus geographies and increased its share of IP-led revenues for the Company.

(iii) Future Plan of Action

Your Company is continuing to leverage its efforts on digital technologies including increased efforts on IoT, Data Engineering and Analytics/AI, Digital Process Automation, Security and Customer Experience. Your Company continues to develop solutions the new disruptive technologies of Large Language Models (ChatGPT, CoPilotX etc.), Metaverse, Web 3.0, Marketing Analytics, OT Security and reusable components on Low-Code Platform.

(iv) Expenditure on R&D

R&D is carried out by the Company as a part of the ongoing software development activity and expenditure thereof is considered part of operating expenditure. Total expenses on R&D during FY 2022-23 was ₹ 1,712.4 lakhs as against ₹ 1,383 lakhs during FY 2021-22.

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 has been successful in building visibility about our services and offering to key clients. Your Company is also continuing to invest in online media and social networking to build its brand visibility.

ii. Foreign exchange used and earned

(Amount in ₹ lakhs)

	March 31, 2023	March 31, 2022
Foreign exchange earnings	112,270	86,666
Foreign exchange outgo	30,284	21,485

For and on behalf of Board

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

Bengaluru
Dated: June 16, 2023

Annexure VI to Board's Report

Particulars of employees pursuant to Section 134 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel), 2014 and forming part of the Board's Report for the financial year ended March 31, 2023.

A. TOP 10 employees in terms of salary drawn during the FY 2022-23:

Sl. No.	Name of Employee	Date of Joining (MM-DD-YY)	Gross Remuneration	Qualification	Age	Experience (Yrs.)	Last Employment	Designation	*% of Equity Shares held within the meaning of clause (iii) of sub-rule (2) of Rule 5
1	Ashok Soota	April 01, 2011	1,28,19,847	Electrical Engineering & Master in Business Management	80	56	Mindtree Limited	Executive Chairman & Director	53.13
2	Aurobinda Nanda	August 01, 2011	1,67,18,331	Post Graduate in Computer Applications	54	30	Mindtree Limited	President – PES	0.56
3	Venkatraman N	April 23, 2015	1,34,32,372	Chartered Accountant & Law Graduate	52	28	Sonata Software Limited	Managing Director & CFO	0.43
4	Ganapathi T B	September 05, 2011	93,23,524	B.E in Computer Science	52	30	Mindtree Limited	Executive Vice President-IMSS	0.23
5	Sundar Ramaswamy	August 17, 2020	90,00,922	Computer Science And Engineering & Master in Business Management	49	25	Antuit India Private Limited	Senior Vice President & Head CoE - Analytics	0.00
6	Vivek Manu	February 01, 2021	87,56,283	B.E Computer Science	48	25	Syncrasy Technologies Private Limited	Senior Vice President-DBS-PGS	0.00
7	Huzefa Saifee	May 15, 2017	86,61,323	Electronics and Communication & master in Electronics And Communication	51	20	Verismo Networks Private Limited	Senior Vice President-CoE IoT	0.03
8	Vijay Bharti	March 21, 2012	86,30,951	B.E Applied Electronics and Instrumentation	48	26	Wipro Technologies	Senior Vice President-IMSS	0.04
9	Raja Sekher	August 26, 2011	85,28,512	B.Tech in Mechanical & M.Tech Mechanical Engineering	50	26	Infosys Limited	Executive Vice President-Corporate	0.10
10	Preeti Menon	September 26, 2011	84,91,255	B.Sc Physics	51	26	Symphony Services	Senior Vice President-PES	0.10

B. Employees drawing salary of ₹ 102 lakhs or above per annum:

Sl. No.	Name of Employee	Date of Joining (DD-MM-YYYY)	Gross Remuneration	Qualification	Age	Experience (Yrs.)	Last employment	Designation	*% of Equity Shares held within the meaning of clause (iii) of sub-rule (2) of rule 5
1	Mr. Ashok Soota	April 01, 2011	1,28,19,847	Electrical Engineer & Master in Business Management	80	56	Mindtree Limited	Executive Chairman & Director	53.13
2	Mr. Aurobinda Nanda	August 01, 2011	1,67,18,331	Post Graduate in Computer Applications	54	30	Mindtree Limited	President – PES	0.56
3	Mr. Venkatraman N	April 23, 2015	1,34,32,372	Chartered Accountant & Law graduate	52	28	Sonata Software Limited	Managing Director & CFO	0.43

C. Employed for part of the year with an average salary of ₹ 8.5 lakh or above per month: NIL

Note:

1. All the employees included in the table above are permanent employees of the Company and their appointments are non-contractual.
2. In terms of proviso to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, particulars of employees posted and working in a country outside India, not being Directors or their relatives, have not been included in the above statement.
3. None of the above employees are relative of any Directors.

For and on behalf of Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 16, 2023

Annexure VII to Board's Report

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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

To
The Members of Happiest Minds Technologies Limited,

We have examined all the relevant records of **Happiest Minds Technologies Limited** for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2023. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

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

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

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

For V. Sreedharan & Associates
Company Secretaries

Devika Sathyanarayana
Partner
F.C.S. 11323; C.P.No. 17024
UDIN: F011323E000267691

Place: Bengaluru
Date: May 08, 2023

Annexure VIII to Board's Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to Sub Section (1) of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the Financial Year Ended March 31, 2023

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on March 31, 2023, according to the provisions of:

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

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

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

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

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

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

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

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

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

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

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

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)**;

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

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

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

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

  b. Software Technology Parks of India rules and regulations

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

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

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

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

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

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

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

We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

The following events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc., during the audit period are as follows:

a. The Company has acquired Sri Mookambika Infosolutions Private Limited with the approval of the Board of Directors in the Board meeting held on January 19, 2023.

b. The Company has issued 4,500 rated, unsecured, redeemable Non-convertible Debentures of ₹ 1,00,000 each issued on Private placement on March 27, 2023 and the same was listed on BSE (SE) on March 31, 2023.

For V. Sreedharan & Associates
Company Secretaries

Devika Sathyanarayana
Partner
F.C.S. 11323; C.P.No. 17024
UDIN: F011323E000267722
Peer Review Certificate No.: 589/2019

Place: Bengaluru
Date: May 08, 2023

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

'Annexure'

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

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

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

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

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

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

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

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

For V. Sreedharan & Associates
Company Secretaries

Devika Sathyanarayana
Partner
F.C.S. 11323; C.P.No. 17024
UDIN: F011323E000267722
Peer Review Certificate No.: 589/2019

Place: Bengaluru
Date: May 08, 2023

Management Discussion and Analysis of Financial Condition and Results of Operations

Overview

Positioned as a "Born Digital . Born Agile" Company, we deliver services around next-generation technologies which help our customers deliver a seamless digital experience to their own customers and clients. Our service offerings can be categorized in the areas of Analytics, Artificial Intelligence, Automation, Cloud, Digital Infrastructure Management, Internet of Things, Security, Software product engineering etc. Our capabilities in the above and adjacent areas help us cover the entire spectrum of technology services referred to as "Digital Services".

During this past year, almost 96% of revenues that we generated were from delivering the above digital services and almost 94% of them were by adopting the agile methodology of software development. Our mission of having "Happiest Customers" has made sure that we inculcate practices that are robust, customer-centric and aims to fulfil their tactical and strategic business needs through futuristic and transformative digital solutions.

To retain our edge in our technology capabilities, we are committed to remaining at the forefront of emerging technology trends, including areas such as Blockchain, AR/VR, Drones & Robotics, etc.

As of March 31, 2023, we had 237 active customers and our volume of repeat business (revenue during the year 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.

Over the years, we have successfully implemented our business continuity plans, including achieving efficient workfrom-home practices to ensure seamless delivery of services to our customers.

Our mission is "Happiest People . Happiest Customers" and we seek to enable our customers' happiness through our people's happiness. Our culture rests on the foundation of our SMILES Values (Sharing, Mindful, Integrity, Learning, Excellence, Social Responsibility). We believe that the recognitions and awards received by our Company are on outcome of our mindful approach. In the Great Place to Work® 2022 survey, we were ranked among India's Top 10 Best Workplaces in health & wellness, Top 25 best workplaces in IT & IT- BPM 2022, Top 50 best Companies to work for Women and India's Top 50 best workplaces for building a culture of innovation 2023. We have also received the Great Place to Work® Certification. As of March 31, 2023, we had a Glassdoor rating of 4.3 on a scale of '1- 5'.

During the year, the Company won many prestigious awards a few of them being:

- The "Golden Peacock Award for Excellence in Corporate Governance" instituted by the Institute of Directors for best management practices in Corporate governance.
- Gold award for the2022 Integrated Annual Report at the "League of American Communication Professionals (LACP)" Spotlight Awards 2022.
- Plaque award from "Institute of Chartered Accountants of India" for Excellence in financial reporting for 2021-22.
- Awarded the "Best Governed Company" by the Institute of Company Secretaries of India in medium category.
- Executive Chairman, Mr. Ashok Soota, awarded "ICSI Lifetime Achievement Award for Excellence in Corporate Governance" at ICSI National awards 2022.
- Managing Director & CFO, Mr. Venkatraman Narayanan, awarded "Leading CFO of the year" at the CII CFO Excellence Awards 2022.
- Company Secretary, Mr. Praveen Darshankar, was awarded "Governance Professional of the year" at ICSI National awards 2022.

During the year, your Company opened a new Development center at Bhubaneswar, Odisha, taking forward its long-term investment plan in the state. This was inaugurated by Shri Naveen Patnaik, honorable Chief Minister of Odisha.

Our business is divided into 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 modernization of digital practices; and (iii) consulting and domain led offerings such as digital roadmap, mindful design thinking, and migration of on-premise applications to cloud.

- **Product Engineering Services (PES):** 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' IT applications and infrastructure. We provide continuous support and managed security services for mid-sized enterprises and technology companies. We specialize in the automation of IT operations using the DevSecOps model. We also run Network & Security Operations centers to manage our client's infrastructure and data centers. We ensure our customers' infrastructure is safe, secure, efficient, and productive. Our security offerings include cyber and infrastructure security, governance, risk & compliance, data privacy & security, Identity and Access Management, threat and venerability management.

Our business units are supported by the following Centers of Excellence (CoEs):

- **Internet of Things (IoT):** Our IoT offering includes consulting-led digital strategy creation, device/edge/platform engineering, end-to-end system integration on industry-standard IoT platforms, IoT security, and IoT-enabled managed services, implementing IoT roadmap, deriving insights from connecting assets, connecting manufacturing, supply chain, products and services to deliver IoT led business transformation and new business models aimed at enhancing our customers' operations and customer experience. In FY 2022-23, revenues from IoT offerings were 5.4%.

- **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 volumes of data, creating actionable insights with data warehousing, modernization of data infrastructure and process automation through AI. In FY 2022-23, revenues from analytics/AI were 12.2%.

- **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 FY 2021-22 and FY 2022-23, revenues from DPA were 25.4% and 26.6%, respectively.

  In FY 2021-22 and FY 2022-23, our total income was ₹ 1,13,075 lakhs and ₹ 145,040 lakhs, respectively, our EBITDA was ₹ 29,477 lakhs and ₹ 37,997 lakhs, respectively and our profit for the FY 2021-22 and FY 2022-23 was ₹ 18,120 lakhs and ₹ 23,099 lakhs, respectively. This represents a CAGR for total income of 34.8% and a CAGR for EBITDA of 32.7% between FY 2021-22 and FY 2022-23.

Significant Factors Affecting our Results of Operations

The following is a discussion of certain factors that had, and will continue to have, a significant effect on our financial condition and results of operations:

Expansion of Customer Base and new Sales to Existing Customers

Customer relationships is the core of our business. We had an average count of active customers 206 and 237 as of March 31, 2022 and 2023, respectively. Our ability to grow our customer base and drive market adoption of our software is affected by the pace at which organizations digitally transform. We expect that our revenue growth will be primarily driven by the pace of adoption of our offerings. We believe the degree to which prospective customers recognize the need for our offerings to maximize their business process would lead to a higher budget allocation by such prospective customers for engaging our services. This will drive our ability to acquire new customers and increase sales to existing customers, which in turn will affect our future financial performance.

We believe that we have benefited from growth in the global software development services industry. Growth in the industry is driven by the needs of major corporations to maintain and upgrade the technology and services required to operate in a cost-efficient manner. Software companies are also increasingly outsourcing work to IT services providers in order to streamline and reduce the cost of the software development process. The Indian software development services market is growing rapidly due to its large pool of skilled IT professionals, robust infrastructure and strong government support and incentives.

We believe we have a substantial opportunity to grow our customer base. We have invested, and intend to continue to invest, in order to drive sales to new customers. We have made, and plan to continue to make, investments to enhance the expertise of our sales and marketing organization within our business verticals of focus namely EdTech, HiTech, BFSI, Industrial/Manufacturing, and Retail.

We go deep into our customers' business through the cross-selling and upselling of services. Our wide spectrum of service offerings and philosophy of account growth through a 'land and expand strategy' makes this possible. Our ability to increase sales to existing customers depends on several factors, including the size of our sales force. Professional services teams, customers' satisfaction with our services, economic conditions and our customers' spending budgets. We believe that our ability to establish and strengthen customer relationships and expand the scope of our services remains an important factor in our growth and our ability to generate profits.

Our Ability to Develop new Products and Enhance Existing Products in accordance with evolving customer needs

The requirements of our customers vary across a range of industries, geographies and service or technical requirements. To grow our relationships with our existing customers and to win new customers, we must be able to deliver and address their requirements, anticipate and understand trends in their relevant markets and continually address their requirements as those requirements change and evolve. In this regard, we believe that our strong culture of innovation, our workforce, our research and testing facilities have enabled us to expand the range of our offerings to customers and improve the delivery of our software platform and services.

If we can anticipate and respond to our customers' requirements in a timely and cost-efficient manner, we could expect to receive repeat business from existing customers. Further, leveraging on our present portfolio of customers and gathering expertise in the verticals they operate in, we aim to acquire new customers. This ability to acquire, retain and deploy knowledge on the basis of existing customer relationships is critical to our business growth and expansion. Any weakness in this process can adversely affect our business and consequently the financial statement.

Our continued growth in the United States market

The US market has historically been our largest market. In FY 2021-22 and FY 2022-23, our external customers located in the United States contributed 66.4% and 68.1% of our revenue from operations, respectively.

Though we have managed to reduce the dependence in the past few years, the United States continues to be the geo that has shown the most robust demand for digital services and will continue to be the geography of focus for us. Our continued business growth and financial performance will depend on our ability to grow our customer base in the United States. The concentration of our revenues from operations from this geography heightens our exposure to any adverse developments which amongst others may be economic, political, regulatory and/or other changes. Any such adverse development could have a material adverse effect on our business, financial condition and results of operations.

Pricing of and Margin on our Services and Revenue Mix

For time-and-materials contracts, the hourly rates we charge for our IT professionals are a key factor impacting our gross margins and profitability. Hourly rates vary depending on the complexity of the project and the mix of staffing deployed on the project. The margins on our services are impacted by the increase in our costs for providing those services, which is influenced by wage inflation and other factors. As a client relationship matures and deepens, we seek to maximize our revenues and profitability by expanding the scope of services offered to that client and winning higher margin assignments. The ability to price our offerings competitively while balancing the cost elements to maximize profit margins while delivering tangible value to our customers is critical to the continued success of the Company.

Continued Relationships with Alliance Partners

Over the years, we have developed strong relationships with several independent software companies which are 'Alliances". We intend to deepen these relationships by building deep capabilities in the products and solutions of these partners. Our ability to continue to offer services around such products depends on our continued relationships with such partners. We believe that our long-standing relationship with such companies has led to knowledge transfer thereby enabling us to improve and develop our in-house service capabilities around these products. Good relationships with our alliance partners are key as they not only refer customers to us, but they also help us build capabilities and stay abreast of advancements made by them in their products. Thus, any disruption in these business and alliance relationships can hurt our business.

Recruitment, Retention and Management of IT Professionals

Our ability to recruit, train, retain and deploy our workforce of IT professionals influences our profit margins and the results of our operations. We ended March 31, 2023 with a headcount of 4,917 IT professionals. This number was 3,823 as of March 31, 2022. Attrition of IT Professionals showed a decreasing trend during the year. Business growth requires us to ramp up our headcount simultaneously. Balancing these factors of recruitment and attrition requires quite a bit of fine balancing and planning. If we recruit too many, utilization will drop, leading to margin erosion, and if we recruit too late, we lose revenue. Attrition and its cost to business are very clear. Thus, our success largely depends on our ability to attract, train and retain our Happiest Minds, in particular our highly skilled engineering and IT professionals.

Our employee costs consist of salaries, wages and bonus, contribution to provident fund and other funds, employee stock compensation expense, compensated absences, gratuity and staff welfare. Salaries and wages in India, including in the services industry, have historically been lower those in the United States, Europe and other developed economies. However, if these costs in India continue to increase at a rate faster than in the United States, Europe and other developed economies due to competitive pressures, we may experience a greater increase in our employee costs, thereby eroding one of our principal cost advantages over competitors in the United States, Europe and other developed economies. In addition, our ability to manage our employee costs will also be heavily impacted by our international and domestic resource mix. For example, any increases in visa fees or healthcare insurance costs for employees located in developed countries such as USA and Canada, would increase our employee costs.

Training is an imperative and a key cost element. The ability to train our people in the right technology and invest in it ahead of time is a very important element in managing their deployment to projects and also motivating them to stay engaged.

All the above aspects of people and its correct management is critical to the continues success of the Company.

Significant Accounting Policies

Revenue Recognition

The Group derives revenue primarily from rendering engineering services and the 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 an agent concerning the sale of licenses. Amounts disclosed as revenue are net of trade allowances, rebates and GST (Goods and Services Tax), amounts collected on behalf of third parties and include reimbursement of out-of-pocket expenses, with corresponding expenses included in the 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 services comprise primarily income from time-and-material and fixed price contracts. Revenue with respect to time-and-material contracts is recognized over the period of time as the related services are performed. Revenue with respect to fixed price contracts where performance obligation is transferred over time are recognized using the "percentage of completion" method. The Group uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. The percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, revenue recognized, profit and timing of revenue for remaining performance obligations are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable. Provisions for estimated losses on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates.

Trade receivables

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

Variable consideration

If the consideration in a contract includes a variable amount, the 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 the sale of the right to use licenses and acting as agent in the arrangement. The revenue for sale of the right to use license is recognized at the 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 more than 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 current asset. Trade receivables and unbilled revenue is 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 for when the right to receive the dividend is established, which is generally when shareholders approve the dividend. Dividend income is included under the head "Other income" in the statement of profit and loss account.

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 profit or 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 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 a cost less than 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.

Property, Plant and Equipment

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

Property, plant and equipment are stated at historical cost less accumulated depreciation, and accumulated impairment loss, if any. Historical cost comprises the purchase price, including duties and non-refundable taxes, borrowing cost if capitalization criteria is met, directly attributable expenses incurred to bring the asset to the location, and conditions necessary for it to be capable of being operated in the manner intended by management and an 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 the statement of profit and loss during the reporting period when they are incurred.

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

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

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

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

Class of asset	Useful life as per Schedule II	Useful life as per group
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.

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.

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	3-7 years
Trade mark	2-3 years
Exclusive license	2 years

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of the 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 Group can demonstrate:

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

Subsequent costs related to Intangible assets are 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.

Impairment of Non-financial Assets

The Group assesses on 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 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 CGUs 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 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 an indication exists, the Group estimates the assets or 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 a 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 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.

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.

Leases

The Group has lease contracts for various items of computers, vehicles and buildings used in its operations. Lease terms generally range between 1 and 5 years.

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

Group as Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group 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 section 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.

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 have 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.

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.

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.

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

That cost is 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.

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. Contingent liability also arises in extremely rare cases where a liability cannot be recognized because it cannot be measured reliably. The Group does not recognize contingent liability but discloses it in the Restated Consolidated Summary Statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

Principal Components of our Statement of Profit and Loss

Income

Our total income comprises of revenue from contracts with customers and other income.

Revenue from contract with customers: Our revenue from contract with customers comprises of revenue from (i) sale of services and (ii) sale of licenses.

The following table sets forth a breakdown of our revenue from contract with our customers for the periods indicated:

(in ₹ lakhs)

	March 31, 2023	March 31, 2022
Sale of services	1,42,605	1,09,314
Sale of licenses	324	51
Revenue from contracts with customers	**1,42,929**	**1,09,365**

Our revenue from contract with our customers are generated from three business units, namely Infrastructure Management & Security Services, Digital Business Services and Product Engineering Services

Infrastructure Management and Security Services (IMSS) business unit delivers integrated end-to-end infrastructure and security solutions with specialization in cloud, virtualization and mobility across a multitude of industry verticals and geographies. This group provides advisory, transformation, managed and hosted services, and secure intelligence solutions to our customers. This group has unique productized solution platforms for smart infrastructure and security solutions provides quick to deploy, mature service delivery over Global SOC/NOC. This improves efficiency and serviceability, reduces cost and drives innovation.

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

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

The following table sets forth our revenue from contracts with customers on the basis of business unit for the period indicated.

(in ₹ lakhs)

Business Unit	March 31, 2023	March 31, 2022
Infrastructure Management & Security Services	30,694	24,168
Digital Business Services	43,070	32,887
Product Engineering Services	69,165	52,310
Total revenue from contract with customers	**1,42,929**	**1,09,365**

Other Income

Our other income primarily consists of (i) interest income on deposit with banks, financial instrument measured at amortized cost and others, (ii) fair value gain on investment measured at FVTPL, (iii) gain on sale of investments measured at FVTPL and (iv) Rent concession

Expenses

Our expenses comprise of (i) employee benefits expense, (ii) depreciation and amortization, (iii) finance cost and (iv) other expenses.

Employee Benefits Expense

Our employee benefits expense comprises of (i) salaries, wages and bonus, (ii) contribution to provident fund, (iii) employee stock compensation expense, (iv) gratuity expense, (v) compensated absences and (vi) staff welfare expenses.

The following table sets forth a breakdown of our employee benefits expense for the periods indicated:

(in ₹ lakhs)

	March 31, 2023	March 31, 2022
Salaries, wages and bonus	74,999	57,598
Contribution to provident fund	3,768	2,839
Employee stock compensation expense	120	300
Gratuity expense	559	518
Compensated absences	831	607
Staff welfare expenses	404	138
Total employee benefits expense	**80,681**	**62,000**

Depreciation and Amortization

Our tangible and intangible assets are depreciated and amortized over periods corresponding to their estimated useful lives. Please see "Significant Accounting Policies" above. Our depreciation and amortization expense comprises of (i) depreciation of property, plant and equipment, (ii) amortization of intangible assets and (iii) depreciation of right-of-use assets.

Finance Cost

Our finance cost comprises of (i) interest expense on borrowings and lease liability and (ii) other borrowing costs

Other Expenses

Our other expenses primarily comprise of (i) subcontractor charges, (ii) software license cost, (iii) Impairment loss allowance on trade receivables, (iv) travelling and conveyance and (v) Recruitment charges

The following table sets forth a breakdown of our other expenses for the periods indicated:

(in ₹ lakhs)

	March 31, 2023	March 31, 2022
Power and fuel	441	204
Subcontractor charges	14,916	14,506
Repairs and maintenance		
- Buildings	186	107
- Equipment	45	24
- Others	364	246
Rent expenses	349	284
Advertising and business promotion expenses	655	282
Commission	46	99
Communication costs	234	278
Insurance	118	48
Legal and professional fees	550	473
Audit fees	88	67
Loss on property, plant and equipment sold / scrapped, net	1	-
Software license cost	3,946	2,429
Rates and taxes	55	96
Recruitment charges	982	916
Impairment loss allowance on trade receivables	(59)	101
Impairment loss allowance on unbilled revenue	59	88
Sitting fees to non-executive directors	43	54

(in ₹ lakhs)

	March 31, 2023	March 31, 2022
Commission to non-executive directors	37	26
Corporate social responsibility ('CSR') expenditure	336	215
Travelling and conveyance	2,366	893
Postage and Courier	86	94
Training Expense	379	248
Miscellaneous expenses	139	270
	26,362	**21,598**

Income Tax Expense

Our income tax expense comprises of current tax, adjustment of tax relating to earlier periods and deferred tax credit.

Exceptional Items

Our exceptional items comprise of Fair valuation loss on contingent consideration. Contingent consideration was valued during quarter three of fiscal 2023. As a result of which there was an increase in liability, and it was accounted as a fair valuation loss in profit and loss account and shown under exceptional items.

Results of Operations

The following table sets forth our consolidated statement of profit and loss for the periods indicated.

	March 31, 2023		March 31, 2022	
	(₹ lakhs)	(%)	(₹ lakhs)	(%)
Income				
Revenue from contract with customers	1,42,929	99%	1,09,365	97%
Other income	2,111	1%	3,710	3%
Total income	**1,45,040**	**100%**	**1,13,075**	**100%**
Expenses				
Employee benefits expense	80,681	56%	62,000	55%
Depreciation and amortization	4,191	3%	3,288	3%
Finance cost	2,186	2%	995	1%
Other expenses	26,362	18%	21,598	19%
Total expenses	**1,13,420**	**78%**	**87,881**	**78%**
Profit/(loss) before exceptional items and tax	**31,620**	**22%**	**25,194**	**22%**
Exceptional items – Fair valuation loss on contingent consideration	(634)	(0.4%)	(609)	(1%)
Profit/(loss) before tax	**30,986**	**21%**	**24,585**	**22%**
Current tax	8,508	6%	6,266	5%
Adjustment of tax relating to earlier periods	-	0%	44	0.5%
Deferred tax change/(credit)	(621)	(0.4%)	155	0.5%
Profit/(loss) for the year	**23,099**	**16%**	**18,120**	**16%**
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent period				
Exchange differences on translating the financial statements of a foreign operation	517	0.4%	202	0.2%
Net movement on effective portion of cash flow hedges	(632)	(0.4%)	(316)	(0.3%)
Income tax effect	159	0.1%	80	0.1%
Net other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods	**44**	**0.1%**	**(34)**	**(0.1%)**

	March 31, 2023		March 31, 2022	
	(₹ lakhs)	(%)	(₹ lakhs)	(%)
Other comprehensive income not to be reclassified to profit or loss in subsequent period				
Net loss on equity instruments through OCI	(351)	(0.2%)	0	0%
Income tax effect	74	0.1%	0	0%
Re-measurement gains/(losses) on defined benefit plans	(155)	(0.1%)	(97)	(0.1%)
Income tax effect	39	0.0%	24	0.0%
Net other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods	**(393)**	**(0.3%)**	**(73)**	**(0.1%)**
Other comprehensive income / (loss) for the year, net of tax	**(349)**	**(0.2%)**	**(107)**	**(0.1%)**
Profit for the year	**22,750**	**16%**	**18,013**	**16%**
Attributable to:				
Owners of the Company	23,099	16%	18,120	16%
Non-controlling interest	-	-	-	-
Total comprehensive income / (loss) for the year				
Attributable to:				
Owners of the Company	22,750	16%	18,013	16%
Non-controlling interest	-	-	-	-
Earnings per equity share				
Basic, computed on the basis of profit for the year attributable to equity holders of the parent	16.13		12.84	
Diluted, computed on the basis of profit for the year attributable to equity holders of the parent	16.01		12.55	

FY 2022-23 Compared to FY 2021-22

Income

Our total income increased by 28.3% to ₹ 1,45,040 lakhs in FY 2022-23 from ₹ 113,075 lakhs in FY 2021-22, primarily due to increases in revenues from contracts with customers.

Revenue from Contracts with Customers

Our revenue from contracts with customers increased by 30.7% to ₹ 1,42,929 lakhs in FY 2022-23 from ₹ 1,09,365 lakhs in FY 2022-23, primarily due to an increase in the volume of projects executed by us on account of increased workforce and also due to billing at higher rates.

Infrastructure Management & Security Services: Our revenue from Infrastructure Management & Security Services increased by 27.0% to ₹ 30,694 lakhs in FY 2022-23 from ₹ 24,168 lakhs in FY 2021-22, primarily due to an increase in the number of projects executed by us and billing at higher rate.

Digital Business Services: Our revenue from Digital Business Services increased by 31.0% to ₹ 43,070 lakhs in FY 2022-23 from₹ 32,887 lakhs in FY 2021-22. Our growth in Digital Business Services business unit was due to increase in the number of projects and increase in billing rates.

Product Engineering Services: Our revenue from Product Engineering Services increased by 32.2% to ₹ 69,165 lakhs in FY 2022-23 from ₹ 52,310 lakhs in FY 2021-22, primarily due to an increase in the number of projects executed by us, increase in billing rates and acquisition of SMI.

Other Income

Our other income overall decreased by 43.1% to ₹ 2,111 lakhs in FY 2022-23 from ₹ 3,710 lakhs in FY 2021-22, primarily due to exchange loss in the current year as against exchange gain during the previous year. This was partially offset by an increase in Interest income from banks.

Expenses

Our total expenses increased by 29.1% to ₹ 113,420 lakhs in FY 2022-23 from ₹ 87,881 lakhs in FY 2021-22, primarily due increase in employee benefit expenses, interest cost on borrowings, sub-contractors cost, software license cost and travelling and conveyance costs.

Employee Benefits Expense

Our employee benefits expense increased by 30.1% to ₹ 80,681 lakhs in FY 2022-23 from ₹ 62,000 lakhs in FY 2021-22, primarily due to an increase in overall headcount and increments given to employees during the year.

Depreciation and Amortization

Our depreciation and amortization increased by 27.5% to ₹ 4,191 lakhs in FY 2022-23 from ₹ 3,288 lakhs in FY 2021-22. The increase is mainly due to the amortization of intangible assets arising from the acquisition of the subsidiary Sri Mookambika Info Solutions Private Limited (SMI).

Finance Cost

Our finance costs increased by 119.7% to ₹ 2,186 lakhs in FY 2022-23 from ₹ 995 lakhs in FY 2021-22, primarily due to an increase in interest expense on long term borrowings.

Other Expenses

Our other expenses increased by 22.1% to ₹ 26,362 lakhs in FY 2022-23 from ₹ 21,598 lakhs in FY 2021-22, primarily due to an increase in (i) Sub-contractors cost (ii) software license cost (iii) travelling expenses.

Profit before Exceptional Items and Tax

As a result of the foregoing, our profit before exceptional items and tax increased by 25.5% to ₹ 31,620 lakhs in FY 2022-23 from ₹ 25,194 lakhs in FY 2021-22.

Exceptional Item

The Group had acquired 100% voting interest in Happiest Minds Inc. (erstwhile PGS Inc.) vide definitive agreements signed on January 27, 2021, for a total recorded consideration of US $13.31 mn (₹ 9,720 lakhs), comprising cash consideration of US $ 8.25 mn (₹ 6,025 lakhs) and fair-valued contingent consideration in the form of warrants of US $ 5.06 mn (₹ 3,696 lakhs) payable over the next three years. The contingent consideration was classified as a financial liability within the scope of Ind AS 109 'Financial Instruments' and was measured at fair value. Ind AS 109 mandates that any subsequent changes in such fair value will have to be recognized in the statement of profit and loss. The Group carried out a fair valuation during the year and there was an increase in the liability basis, increasing the expectation of payout. The said increase amounting to ₹ 634 lakhs (March 31, 2022: ₹ 609 lakhs) has been recognized in the statement of profit and loss and disclosed as 'Exceptional Item'.

Profit Before Tax

As a result of the foregoing, our profit before tax increased 26.0% to ₹ 30,986 lakhs in FY 2022-23 from ₹ 24,585 lakhs in FY 2021-22.

Tax Expenses

Our total tax expense increased by 22.0% to ₹ 7,887 lakhs in FY 2022-23 from ₹ 6,465 lakhs in FY 2021-22 primarily due to increase in taxable income.

Profit for the year

Due to the factors discussed above, our profit / (loss) for the year increased by 27.5% to ₹ 23,099 lakhs in FY 2022-23 from ₹ 18,120 lakhs in FY 2021-22.

Liquidity and Capital Resources

Our primary sources of liquidity have historically been cash generated from operations and short-term borrowings from banks. We expect that cash generated from operations and short-term from banks will continue to be our primary sources of liquidity. We believe that after taking into account cash generated from our business operations, we will have sufficient working capital for both our present and anticipated future requirements for capital expenditures and other cash requirements for 12 months following end of FY 2022-23.

Cash flows

The following table sets out a condensed summary of our cash flows for the periods indicated.

(in ₹ lakhs)

	March 31, 2023	March 31, 2022
Net cash flows from operating activities	20,717	16,812
Net cash flows used in investing activities	(35,102)	(9,608)
Net cash flows from/(used) in financing activities	7,207	(9,078)
Cash and cash equivalents at the beginning of the year	6,729	8,583
Cash and cash equivalents at the end of the year	(120)	6,729

Operating Activities

FY 2022-23

Our net cash flows from operating activities was ₹ 20,717 lakhs in FY 2022-23. Our operating cash flow before working capital changes was ₹ 35,852 lakhs in FY 2022-23, which was primarily adjusted by depreciation/amortization of property, plant and equipment, intangibles and right-of-use assets of ₹ 4,191 lakhs, Fair value loss on contingent consideration of ₹ 634 lakhs and finance cost of ₹ 2,186 lakhs, partially offset by Gain on sale of investment carried at fair value through profit and loss ₹ 803 lakhs, interest income of ₹ 2,610 lakhs and rent concession of ₹ 71 lakhs. Our movements in working capital primarily consisted of an increase in trade receivables of ₹ 3,468 lakhs, an increase in trade payables of ₹ 756 lakhs, a decrease in contract liabilities of ₹ 225 lakhs and a decrease in non-financial liabilities of ₹ 245 lakhs.

FY 2021-22

Our net cash flows from operating activities was ₹ 16,812 lakhs in FY 2021-22. Our operating cash flow before working capital changes was ₹ 27,656 lakhs in FY 2021-22, which was primarily adjusted by depreciation/amortization of property, plant and equipment, intangibles and right-of-use assets of ₹ 3,288 lakhs, Fair value loss on contingent consideration of ₹ 609 lakhs and finance cost of ₹ 995 lakhs, partially offset by Gain on sale of investment carried at fair value through profit and loss ₹ 1,377 lakhs, interest income of ₹ 636 lakhs and rent concession of ₹ 323 lakhs. Our movements in working capital primarily consisted of a decrease in trade receivables of ₹ 4,526 lakhs, increase in trade payables of ₹ 1,489 lakhs, increase in contract liabilities of ₹ 660 lakhs and an increase in non-financial liabilities of ₹ 496 lakhs.

Investing Activities

FY 2022-23

Net cash flows used in investing activities was ₹ 35,102 lakhs. This was primarily due to purchase of building at Bengaluru for ₹ 13,106 lakhs, investment in SMI (subsidiary) ₹ 10,987 and investment in fixed deposit of ₹ 59,995 lakhs which is partially offset by proceeds from sale of mutual fund of ₹ 47,203 lakhs.

FY 2021-22

Net cash flows used in investing activities was ₹ 9,608 lakhs. This was primarily due to Investment in equity shares of Tech4TH Solutions Inc of ₹ 762 lakhs, net investment in mutual fund of ₹ 5,507 lakhs and investment in fixed deposit of ₹ 3,020 lakhs.

Financing Activities

FY 2022-23

Net cash from financing activities was ₹ 7,207 lakhs. This was primarily proceeds from long term borrowings (net) of ₹ 9,774 lakhs, proceeds from short-term borrowings of ₹ 4,617 lakhs and proceeds from Non-convertible debenture of ₹ 4,500 lakhs which was partially offset by payment of dividend of ₹ 5,715 lakhs, payment of lease liability amounting to ₹ 2,548 lakhs, payment of contingent consideration of ₹ 2,034 lakhs.

FY 2021-22

Net cash used for financing activities was ₹ 9,078 lakhs. This was primarily due to payment of dividend of ₹ 6,830 lakhs, payment of lease liability amounting to ₹ 2,189 lakhs, payment of contingent consideration of ₹ 1,861 lakhs, which was partially offset by net proceeds from borrowings of ₹ 1,959 lakhs.

Borrowings

As of March 31, 2023, we had total outstanding borrowings of ₹ 46,755 lakhs, which consisted of non-current and current borrowings. Our non-current borrowings consisted of foreign currency term loan from the bank, rupee term loan from bank and non-convertible debentures. Foreign currency term loan is secured by charge on moveable assets and lien on fixed deposits. And rupee term loan is secured by the way of exclusive charge on land with building known as SJR Equinox along with all the fixed assets in the building. Our current borrowings consisted of foreign currency loan (PCFC) and Bank overdraft.

As of March 31, 2023, the average effective interest rates of our current borrowings and non-current borrowings were 5.66% and 4.17%, respectively.

The following table sets out borrowings as of March 31, 2023.

(in ₹ lakhs)

	March 31, 2023
Non-current	
Secured	
Foreign currency term loan from bank	1,870
Rupee term loan from bank	11,986
Less: Current maturities of foreign currency term loan	(1,870)
Less: Current maturities of rupee term loan	(708)
Total non-current borrowings	**11,278**
Current	
Secured	
Loans repayable on demand from banks	
Foreign currency loan (PCFC)	21,280
Bank overdraft	7,119
Non-convertible debentures	4,500
Current maturities of term loans:	
Foreign currency term loan	1,870
Rupee term loan	708
Total current borrowings	**35,477**

The loan agreements that we have entered into with the lender banks contain certain restrictive covenants that limit our ability to undertake certain types of transactions. We are required to obtain an approval from the lender banks for, among other things, altering our capital structure, dilution in shareholding of our Promoter of our Company, effecting any change in the composition of the board of directors of our Company and its management and control and amending constitutional document.

Contractual Obligations and Commitments

The following table sets forth information regarding our contractual obligations and commitments as of March 31, 2023.

(in ₹ lakhs)

	Payment due by period			
	Total	Less than one year	Between one and five years	Later then five years
	(in ₹ lakhs)			
Lease liabilities (carried at amortized cost)	**7,738**	2,364	5,374	
Trade Payables (carried at amortized cost)				
Total outstanding dues of micro enterprises and small enterprises	**83**	83	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**6,969**	6,957	12	-
Capital commitments towards purchase of capital assets	**904**	-	-	-

Related Party Transactions

Related party transactions primarily relate to contribution made to post employee benefit plan, directors' sitting fees and managerial remunerations.

Off-Balance Sheet Arrangements and Contingent Liabilities

As of March 31, 2023 we did not have any off-balance sheet arrangements.

Other claims against the Group not provided for in books

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

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

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

Capital Expenditures

Our capital expenditures include expenditures on property, plant and equipment, intangible assets and right-of-use assets. Property, plant and equipment include land and buildings, computer systems, office equipment, furniture and fixtures and leasehold improvements. Intangible assets include goodwill, trademark, customer relationships, non-compete and computer software. Right-of-use assets include computer systems, buildings and motor vehicles. The following table sets out the capital expenditures (addition to property, plant and equipment, intangible assets and right-of-use assets) including those arising from acquisition of business of subsidiary for the periods indicated:

(in ₹ lakhs)

	March 31, 2023	March 31, 2022
Property, plant and equipment		
Land	4,423	45
Building	8,354	11
Computer systems	292	-
Office equipment	132	-
Furniture and fixtures	55	-
Vehicles	33	-
Leasehold improvements	159	11
Intangible assets		
Goodwill	5,404	-
Trademark	-	-
Non-compete	329	-
Customer relationships	7,930	-
Exclusive license	-	-
Computer software	789	311
Right-of-use assets		
Computer systems	1,142	1,495
Buildings	2,867	3,992
Office equipment	125	
Motor vehicles	183	-

We expect to meet our working capital, capital expenditures and investment requirements for the next 12 months primarily from revenues from operating activities, bank borrowings.

Our actual capital expenditures may differ from the amount set out above due to various factors, including our future cash flows, results of operations and financial condition, changes in the local economy in India, defects or cost overrun, delays in obtaining or receipt of governmental approval, changes in the legislative and regulatory environment and other factors that are beyond our control.

Qualitative Disclosure about Market Risks

Market risk is attributable to all market-sensitive financial instruments, including foreign currency receivables and payables. The value of a financing instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity, prices, equity prices and other market changes that affect market risk sensitive instruments. Our exposure to market risk is a function of our revenue generating activities and any future borrowing activities in foreign currencies. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss.

Credit Risk

We are exposed to credit risk related to monies owed to us by our customers. If our customers do not pay us promptly, or at all, we may have to make provisions for, or write-off, such amounts. As of March 31, 2023 and March 31, 2022, our net trade receivables (carried at amortized cost) were ₹ 21,319 lakhs and ₹ 16,738 lakhs, respectively. As of March 31, 2023 and March 31, 2022, our net unbilled receivables/ Contract assets were ₹ 12,192 lakhs and ₹ 10,664 lakhs respectively. Our average debtor cycle was 86 days (billed receivables-54 days & unbilled receivables-32 days) and 90 days (billed receivables-55 days & unbilled receivables-35 days) FY 2022-23 and FY 2021-22, respectively.

Interest Rate Risk

As of March 31, 2023, we are not exposed to market risk with respect to changes in interest rates since all our financial assets or liabilities are either non-interest bearing or are at fixed interest rate.

Exchange Rate Risk

Although our Company's reporting currency is in ₹, we transact a significant portion of our business in other currencies, primarily USD. A significant portion of our revenue from contracts with customers in FY 2022-23 and FY 2021-22, respectively, were derived from sales outside India. Substantially, all of our non-Indian sales income is denominated in foreign currencies, primarily in USD. Most of our foreign currency exposure is mitigated by maintaining balances in the EEFC account in USD / Euro/ GBP which is used for making foreign payments without currency conversion and by executing foreign exchange forward contracts.

Therefore, our exchange rate risk primarily arises from our foreign currency revenues, cost and other foreign currency assets and liabilities to the extent that there is no natural hedge.

Reservations, Qualifications and Adverse Remarks

There are no reservations, qualifications and adverse remarks by our statutory auditor for the previous three Fiscals.

Corporate Governance Report

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

Happiest Minds' philosophy on Corporate Governance is to create and conduct sustainable growing business with highest standards of integrity, transparency, and accountability to maximize stakeholders' value while duly complying with all applicable laws and regulations.

Happiest Minds firmly believes that Corporate Governance is critical to success of its business and its governance practices are reflected in its strategy, plan, culture, policies, and relationship with stakeholders.

II. Board of Directors

The Board of Directors of Happiest Minds as on March 31, 2023, comprised of six (6) Directors with optimum combination of Executive and Non-Executive Directors i.e., three Executive Directors and three Non-Executive Independent Directors including two-woman Directors and each of them are professionals in their respective areas of specialization and have held eminent positions. The Board Members are not related to each other, and the number of Directorships/Committee memberships held by Executive and Non-Executive Independent Directors are within the permissible limits under SEBI (LODR), Regulations, 2015 and Companies Act, 2013.

(a) Composition of Board of Directors

The composition and category of Directors as on March 31, 2023:

Sl. No.	Name of the Director	Category	Number of other Directorships held in other public Companies	Number of Committee membership held in other public companies (limited to only Audit and Stakeholders' Relationship Committees)		No and % of Equity Shares held in the Company (%)
				As Chairperson	As Member	
1	Mr. Ashok Soota	Promoter & Executive Director	Nil	Nil	Nil	78,024,177 (53.13%)[1]
2	Mr. Joseph Anantharaju	Executive Director	Nil	Nil	Nil	425,000 (0.29%)
3	Mr. Venkatraman Narayanan	Executive Director	Nil	Nil	Nil	628,170 (0.43%)
4	Mrs. Anita Ramachandran	Non-Executive Independent Director	8	1	7	Nil
5	Mr. Rajendra Kumar Srivastava	Non-Executive Independent Director	Nil	Nil	Nil	Nil
6	Mrs. Shuba Rao Mayya	Non-Executive Independent Director	4	2	6	Nil

1. Including shares held in the name of Ashok Soota Medical Research LLP

Directorship in other listed entities as on March 31, 2023:

Sl. No.	Name of the Director	Directorship in other listed entities	Category of Directorship
1	Mr. Ashok Soota	Nil	NA
2	Mr. Joseph Anantharaju	Nil	NA
3	Mr. Venkatraman Narayanan	Nil	NA
4	Mrs. Anita Ramachandran	1. Grasim Industries Limited 2. Metropolis Healthcare Limited 3. FSN E-Commerce Ventures Limited 4. Ujjivan Small Finance Bank Limited 5. Blue Star Limited	Independent Director Independent Director Independent Director Independent Director Independent Director
5	Mr. Rajendra Kumar Srivastava	Nil	NA
6	Mrs. Shuba Rao Mayya	1. Stove Kraft Limited	Independent Director

During the FY 2022-23, seven (7) meetings of the Board were held and the gap between two meetings did not exceed one hundred and twenty days. The Board Meetings are prescheduled, and adequate notice is given to the Board members. Board Meetings are generally held at the registered office of the Company either through video conference or through physical presence.

These Board Meetings were held on May 05, 2022; July 21, 2022; October 05, 2022, October 20, 2022; January 19, 2023, March 02, 2023, and March 27, 2023. The necessary quorum was present for all the meetings.

(b) Core Skills/Expertise/Competencies of the Board of Directors

The Directors of the Company bring with them a wide range of skills and experience to the Board, which enhances the quality of the Board's decision-making process. The following are the core skills, expertise and competencies identified for effective functioning of the Board and the names of directors who have such skills/expertise/competence:

Name of the Director	Interpersonal skills and personal qualities/values	Information Technology business & industry knowledge	Legal, regulatory, and financial knowhow	Strategic and analytical mindset	Leadership, Management & Governance
Mr. Ashok Soota	✓	✓	✓	✓	✓
Mr. Venkatraman Narayanan	✓	✓	✓	✓	✓
Mr. Joseph Anantharaju	✓	✓	✓	✓	✓
Mrs. Anita Ramachandran	✓	✓	✓	✓	✓
Mr. Rajendra Kumar Srivastava	✓	✓	✓	✓	✓
Mrs. Shuba Rao Mayya	✓	✓	✓	✓	✓

(c) Attendance of Directors at the Board Meetings and Annual General Meeting (AGM) held during the FY 2022-23:

Name of the Director	Board Meetings entitled to attend	Board Meetings attended	Whether present at AGM held on June 30, 2022*
Mr. Ashok Soota	7	7	Yes
Mr. Joseph Anantharaju	7	7	Yes
Mr. Venkatraman Narayanan	7	7	Yes
Mrs. Anita Ramachandran	7	5	Yes
Mr. Rajendra Kumar Srivastava	7	7	Yes
Mrs. Shuba Rao Mayya	7	7	Yes

* Note: The AGM was held through video conferencing and other audio-visual means ("VC")

(d) Independent Directors

The Board is of the opinion that the Independent Directors fulfil the conditions specified in the Companies Act, 2013 and SEBI (LODR), Regulations, 2015 and that they are independent of the management.

During the FY 2022-23, three (3) meetings of the Independent Directors were held on May 03, 2022, October 18, 2022, and January 18, 2023, interalia to review the Audit strategies, administrative matters and succession planning and the meeting was attended by all the Independent Directors:

The familiarization program and other disclosures as specified under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is available on the Company's website at https://www.happiestminds.com/investors/disclosures/HappiestMinds-Details-of-Familiarization-Programme.pdf

No Independent Director had resigned during the FY 2022-23.

(e) CEO/CFO Certification

As required under Regulation 17 (8) of SEBI (LODR) Regulations, CEO/CFO have certified to the Board that the Financial Statements for the financial year ended March 31, 2023, do not contain any untrue statement and that these statements represent a true and fair view of the Company's affairs and other matters as specified thereunder. A copy of the Certificate is attached as Annexure I to this Report.

(f) Code of Conduct for Directors and Senior Management

The Company has adopted a Code of Conduct for the Board of Directors and Senior Management Personnel to ensure that the business of the Company is conducted with the highest standards of ethics and values in accordance with the applicable laws, regulations and rules and is critical to the success of the Company. The Code is available on the Company's website at https://www.happiestminds.com/investors/policy-documents/

All the Board Members and Senior Management Personnel have affirmed compliance with the Code. A declaration signed by the CEO/CFO to this effect is enclosed as part of Annexure I to this Report.

III. Audit Committee

(a) Terms of Reference

The Audit Committee has interalia the following mandate:

1. Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors, including the internal auditor, cost auditor and statutory auditor, of the Company and the fixation of audit fee.
3. Approval of payments to Statutory Auditors for any other services rendered by the Statutory Auditors of the Company.
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act;
    ii. Changes, if any, in accounting policies and practices and reasons for the same;
    iii. Major accounting entries involving estimates based on the exercise of judgment by the management of the Company;
    iv. Significant adjustments made in the financial statements arising out of audit findings;
    v. Compliance with listing and other legal requirements relating to financial statements;
    vi. Disclosure of any related party transactions; and
    vii. Qualifications/modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
8. Formulating a policy on related party transactions, which shall include materiality of related party transactions.
9. Approval or any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed.
10. Review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.
11. Scrutiny of inter-corporate loans and investments.
12. Valuation of undertakings or assets of the company, wherever it is necessary.
13. Evaluation of internal financial controls and risk management systems.
14. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
15. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

16. Discussion with internal auditors of any significant findings and follow up there on.
17. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
18. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
19. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
20. Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services.
21. Reviewing the functioning of the whistle blower mechanism.
22. Approval of the appointment of the Chief Financial Officer of the Company ("CFO") (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate.
23. Carrying out any other functions as provided under the Companies Act, the SEBI Listing Regulations and other applicable laws.
24. To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time.
25. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances; and
26. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
27. Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower.
28. Such roles as may be prescribed under the Companies Act and SEBI Listing Regulations.

(b) Number of Meetings: During the FY 2022-23, four (4) meetings were held i.e., on May 05, 2022; July 21, 2022; October 20, 2022; January 19, 2023.

(c) Composition of the Committee and Meetings attended by each member:

Name of the Member	Category	Position	Meetings	
			Held	Attended
Mrs. Shuba Rao Mayya	Independent Director	Chairperson	4	4
Mrs. Anita Ramachandran	Independent Director	Member	4	4
Mr. Venkatraman Narayanan	Executive Director	Member	4	4

IV. Nomination, Remuneration and Board Governance Committee

(a) Terms of Reference

The Nomination, Remuneration and Board Governance Committee has interalia the following mandate:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board.
3. Devising a policy on Board diversity.
4. Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report.
5. Analysing, monitoring and reviewing various human resource and compensation matters.
6. Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment and determining remuneration packages of such directors.
7. Recommending the remuneration, in whatever form, payable to the senior management personnel and other staff (as deemed necessary).
8. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws.
9. Determining whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
10. Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
11. Administering the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/plan ("ESOP Scheme").
12. Construing and interpreting the ESOP Scheme and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP Scheme.
13. Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time.
14. Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the Nomination, Remuneration and Board Governance Committee.
15. Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

(b) Number of Meetings: During the FY 2022-23, one (1) meeting was held i.e., on October 20, 2022.

(c) Composition of the Committee and Meetings attended by each member:

Name of the Member	Category	Position	Meetings	
			Held	Attended
Mr. Rajendra Kumar Srivastava	Independent Director	Chairperson	1	1
Mrs. Anita Ramachandran	Independent Director	Member	1	1
Mrs. Shuba Rao Mayya	Independent Director	Member	1	1
Mr. Ashok Soota	Executive Director	Member	1	1

(d) Performance Evaluation Criteria for the Independent Directors

The indicative criteria for evaluation of performance of the Independent Director that are provided in their terms of appointment are as under:

(i) Attendance and contribution at Board and Committee meetings.

(ii) Appropriate mix of expertise, skills, behavior, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company's value and standards.

(iii) Knowledge of finance, accounts, legal, investment, marketing, foreign exchange/ hedging, internal controls, risk management, assessment and mitigation, business operations, processes, and corporate governance.

(iv) Ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.

(v) Effective decision-making ability.

(vi) Ability to open channels of communication with executive management and other colleagues on Board to maintain high standards of integrity and probity.

(vii) His/her global presence, rational, physical, and mental fitness, broader thinking, vision on corporate social responsibility etc.

(viii) His/her ability to monitor the performance of management and satisfy himself/herself with integrity of the financial controls and systems in place by ensuring the right level of contact with external stakeholders.

(ix) His/her contribution to enhance overall brand image of the Company.

V. Administrative and Stakeholders Relationship Committee

(a) Terms of Reference

The Administrative and Stakeholders Relationship Committee has interalia the following mandate:

1. Redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non-receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc., and assisting with quarterly reporting of such complaints.

2. Reviewing of measures taken for effective exercise of voting rights by shareholders.

3. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures, or any other securities.

4. Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures, and other securities from time to time.

5. Reviewing the measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

6. Reviewing the adherence to the service standards by the Company with respect to various services rendered by the registrar and transfer agent of the Company and to recommend measures for overall improvement in the quality of investor services.

7. Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority.

(b) Number of Meetings: During the financial year 2022-2023, three (3) meetings were held i.e., on May 05, 2022; July 21, 2022, and January 19, 2023.

(c) Composition of the Committee and Meetings attended by each member:

Name of the Member	Category	Position	Meetings	
			Held	Attended
Mrs. Anita Ramachandran	Independent Director	Chairperson	3	3
Mrs. Shuba Rao Mayya	Independent Director	Member	3	3
Mr. Venkatraman Narayanan	Executive Director	Member	3	3

(d) Name and designation of Compliance Officer: Mr. Praveen Kumar Darshankar, Company Secretary & Compliance Officer.

(e) Details of Shareholders' complaints:

(i) Number of shareholders complaints received upto March 31, 2023: 191

(ii) Number of shareholders complaints resolved upto March 31, 2023: 191

(iii) Number of pending complaints as on March 31, 2023: Nil

VI. Corporate Social Responsibility Committee

(a) Terms of Reference

The Corporate Social Responsibility Committee has interalia the following mandate:

1. To formulate and recommend to the board, a corporate social responsibility policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act and the rules made thereunder and make any revisions therein as and when decided by the Board.

2. To Identify corporate social responsibility policy partners and corporate social responsibility policy programmes.

3. To recommend the amount of expenditure to be incurred for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company.

4. To delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities.

5. To review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes; and

6. To perform such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act.

(b) Number of Meetings: During the FY 2022-23, one (1) meeting was held i.e., on May 05, 2022.

(c) Composition of the Committee and Meetings attended by each member:

Name of the Member	Category	Position	Meetings	
			Held	Attended
Mrs. Shuba Rao Mayya	Independent Director	Chairperson	1	1
Mr. Ashok Soota	Executive Director	Member	1	1
Mr. Joseph Anantharaju	Executive Director	Member	1	1

VII. Risk Management Committee

(a) Terms of Reference

The Risk Management Committee has interalia the following mandate:

1. To assist the Board in fulfilling its responsibilities with regard to the identification, evaluation and mitigation of strategic, operational, and external environment risks.
2. Formulating, monitoring, and overseeing the risk management plan and policy of the Company.
3. Review the Cyber Security Functions of the Company on regular intervals.
4. Approve/recommend to the Board for its approval/review the policies, risk assessment models, strategies, and associated frameworks for the management of risk.
5. To perform such other duties and functions as the Board may require or as may be prescribed by applicable law, from time to time.

(b) Number of Meetings: During the FY 2022-23, Two (2) meetings were held on July 21, 2022, and January 18, 2023.

(c) Composition of the Committee and Meetings attended by each member:

Name of the Member	Category	Position	Meetings	
			Held	Attended
Mr. Joseph Anantharaju	Executive Director	Chairperson	2	2
Mrs. Anita Ramachandran	Independent Director	Member	2	2
Mrs. Shuba Rao Mayya	Independent Director	Member	2	2
Mr. Venkatraman Narayanan	Executive Director	Member	2	2

VIII. Strategic Initiatives Committee

(a) Terms of Reference

The Strategic Initiatives Committee has interalia the following mandate:

1. Strategic planning;
2. New strategic projects and initiatives;
3. Mergers, acquisitions and joint ventures;
4. Asset management (including physical infrastructure and information technology);
5. Strategic human resources and other matters;
6. To perform such other duties and functions as the Board may require from time to time.

(b) Number of Meetings: During the FY 2022-23, one (1) meeting was held i.e., on January 18, 2023.

(c) Composition of the Committee and Meetings attended by each member:

Name of the Member	Category	Position	Meetings	
			Held	Attended
Mr. Rajendra Kumar Srivastava	Independent Director	Chairperson	1	1
Mrs. Anita Ramachandran	Independent Director	Member	1	1
Mr. Ashok Soota	Executive Director	Member	1	1
Mr. Venkatraman Narayanan	Executive Director	Member	1	1
Mr. Joseph Anantharaju	Executive Director	Member	1	1

IX. Remuneration to Directors:

(a) Criteria of Making Payments to Non-Executive Directors

Non-Executive Directors are paid sitting fees for attending the Meetings of the Board and of Committees of which they are members at the rate of ₹1,00,000/- (Rupees One Lakh Only) per meeting and commission based on their performance provided however that the aggregate remuneration including commission, so paid to such Directors in a financial year shall not exceed 1% of the net profits of the Company.

(b) Criteria of Making Payments to Executive Directors

The Executive Directors are paid as per the remuneration approved by the Shareholders at the time of their appointment, which is in line with the statutory requirements and the Company's policies. A revision in remuneration, if any, is recommended by the Nomination Remuneration and Board Governance Committee to the Board for its consideration by taking into account their individual performance and as well the performance of the Company in a given year. Perquisites, performance-linked incentives, and retirement benefits are paid in accordance with the Company's compensation policies, as applicable to all employees, which also details the criteria for such payments. As per the current terms of their appointment, none of the Executive Directors are entitled to commission on the net profits of the Company.

(c) Details of Remuneration paid to Directors for the FY 2022-23

Name of the Director	Salary (In ₹ lakhs)		Perquisites (In lakhs)	Sitting Fees & Commission (In lakhs)	Shares Issued under ESOPs	Total Remuneration paid (In lakhs)	Details of Service Contracts, Notice Period & Severance fees
	Fixed	Variable					
Mr. Ashok Soota	90	34	4	NIL	NIL	128	Appointed as Executive Chairman and Director for a period of 5 years from April 01, 2019, till March 31, 2024. All other terms as per employment agreement. Three months' notice period and no severance fees.
Mr. Joseph Anantharaju	272	104	13	NIL	NIL	389	Appointed as a Whole-time Director of the Company designated as Executive Vice Chairman, for a period of five years from November 4, 2020, to November 3, 2025. All other terms as per employment agreement. Three months' notice period and no severance fees.
Mr. Venkatraman Narayanan	92	36	6	NIL	NIL	134	Appointed as the Managing Director and Chief Financial Officer of the Company, for a period of five years from November 4, 2020, to November 3, 2025. All other terms as per employment agreement. Three months' notice period and no severance fees.
Mrs. Anita Ramachandran	Nil	Nil	Nil	25	Nil	25	NA
Mr. Rajendra Kumar Srivastava	Nil	Nil	Nil	30	Nil	30	NA
Mrs. Shuba Rao Mayya	Nil	Nil	Nil	25	Nil	25	NA

X. General Body Meetings

Annual General Meetings (AGM)

The Annual General Meetings of the Company were held at the registered office of the Company either through video conference or through physical presence. Details of last three AGMs held are as below:

Financial Year	Date	Time (IST)	Mode of Meeting
2019-2020	August 6, 2020	5:00 p.m.	Physical
2020-2021	July 7, 2021	4:00 p.m.	Video Conference
2021-2022	June 30, 2022	4:00 p.m.	Video Conference

All resolutions moved at the Annual General Meetings were passed through remote e-voting or by show of hands by the requisite majority of members attending the meeting. The following are the special resolutions passed at the previous three AGMs:

AGM held on	Summary of Special Resolutions
August 6, 2020	1. Appointment of Mr. Rajendra Kumar Srivastava as Non-Executive Independent Director of the Company;
	2. Appointment of Ms. Anita Ramachandran as Non-Executive Independent Director of the Company;
	3. Appointment of Ms. Shuba Rao Mayya as Non-Executive Independent Director of the Company;
	4. Approval of payment of commission to Non-Executive Directors of the Company.
July 7, 2021	1. Appointment of Mr. Joseph Vinod Anantharaju as Whole-time Director of the Company designated as Executive Vice Chairman, for a period of five years from November 4, 2020, to November 3, 2025
	2. Appointment of Mr. Venkatraman Narayanan as Managing Director and Chief Financial Officer of the Company, for a period of five years from November 4, 2020, to November 3, 2025.
	3. Ratification and approval of the 'Happiest Minds Employee Stock Option Scheme 2020', formulated and approved prior to the Initial Public Offering of the Company.
June 30, 2022	There were no special resolutions proposed/passed in this meeting.

Extra-Ordinary General Meetings (EGM)

During the year there were no Extra-Ordinary General Meeting held.

Postal Ballot

During the year, the Company had sought the approval of the shareholders by way of a Special Resolution through notice of postal ballot dated October 11, 2022 for raising of funds through Qualified Institutional Placement (QIP) through remote E-voting (Voting through Electronic means) in compliance with section 110 of the Act read with Rule 22 of the Companies (Management and Administration) Rules,2014. The Resolution was approved with requisite majority on November 10, 2022, and the results of the Postal Ballot were displayed on the website of the Company (https://www.happiestminds.com/investors/Scrutinizer Report and Voting results.pdf).

XI. Means of Communication

(a) Financial Results and Newspaper Publication

Quarterly and annual financial results are filed with stock exchanges and displayed on stock exchanges websites. The results are also made available on the Company's website. The results are also normally published in The Financial Express (English newspaper – all India edition) and Vishwavani (Regional Newspaper).

(b) Website

The Company maintains an active website at https://www.happiestminds.com/investors/ wherein all the information relevant for the Shareholders are displayed.

(c) Press Releases and Analysts/Investors Presentations

The official news releases, meetings scheduled with analysts and detailed presentations made to analysts are disseminated to stock exchanges and as well displayed on the Company's website at https://www.happiestminds.com/investors/. The management participates in the analyst/earnings call every quarter, after the announcement of results. The audio recording of analyst calls and transcripts are posted on the Company's website.

(d) Annual report

Annual Report containing audited standalone and consolidated financial statements together with Board's Report, Auditors' Report and other reports/information are circulated to members entitled thereto and is also made available on the Company Website at https://www.happiestminds.com/investors/.

XII. General Shareholders Information

General shareholder information is provided under "Shareholders Information" section attached as Annexure II to this Report.

XIII. Other Disclosures

(a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large.

During the financial year ended March 31, 2023, there were no materially significant related party transactions that had potential conflict with the interest of the Company at large.

(b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to capital markets, during the last three years

The Company became a listed company from September 17, 2020. No penalty or stricture was imposed by the Stock Exchanges or SEBI or any other authority, from the date of listing. All applicable requirements were fully complied with.

(c) Vigil Mechanism/Whistle-Blower Policy

The Company has adopted a Whistle Blower Policy and has established the necessary Vigil Mechanism as required under Regulation 22 of the SEBI (LODR) Regulations, the details of which have been provided in the Board's Report. The Company affirms that no personnel has been denied access to the Audit Committee.

(d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all the applicable mandatory requirements of SEBI (LODR) Regulations. Details of adoption of non-mandatory requirements are provided in clause XV below.

(e) Weblink for Policy on determination of Material Subsidiary and Policy on Related Party Transactions

Both the policies can be accessed at https://www.happiestminds.com/investors/policy-documents/.

(f) Disclosure of Commodity price risks and commodity hedging activities

The Company does not deal in commodities and hence the disclosure pursuant to SEBI (LODR) Regulations is not applicable.

(g) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

During the financial year ended March 31, 2023, there were no funds raised through preferential allotment or qualified institutions placement.

(h) Certificate from Practicing Company Secretary on Non-Disqualification of Directors

The Company has obtained a certificate from a Practicing Company Secretary that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority in accordance with SEBI (LODR) Regulations. Copy of the Certificate is attached as Annexure III.

(i) Recommendation of Committees

During the financial year ended March 31, 2023, the Board of Directors of the Company had accepted recommendation of all the committees of the Board, which were mandatorily required.

(j) Auditors' Remuneration

The details of total fees for all services paid by the Company during FY 2022-23, to the Statutory Auditors are as follows:

Particulars	Amount (in ₹ lakhs)
Payment to Statutory Audit fees (including out of pocket expenses)	78
Certification fees	7
Total	**85**

(k) Disclosures as required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a gender neutral Anti-Sexual Harassment Policy at workplace which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the applicable rules, the details of which have been provided in the Boards' Report.

Details of sexual harassment complaints received:

(i) No. of complaints received during FY 2022-23: Nil

(ii) No. of complaints disposed of during FY 2022-23: NA

(iii) No. of complaints pending as on end of the FY 2022-23: NA

(l) Disclosure of Loans and advances in the nature of loans to firms/companies in which directors are interested:

During the Financial Year ended March 31, 2023, there are no loans or advances provided by the Company and its subsidiaries to firms/companies in which directors are interested.

XIV. Non-compliance of Regulations relating to Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, if any

The Company is fully compliant with SEBI (LODR) Regulations and there are no such non-compliances to report.

XV. Discretionary Requirements

The Company has adopted the following discretionary requirements as provided in the SEBI (LODR) Regulations:

(a) Modified opinion(s) in Audit Report

The Company is in the regime of unmodified opinions on financial statements and that the Auditors of the Company have issued Audit Reports with unmodified opinion on the standalone and consolidated financial statements for the financial year ended March 31, 2023.

(b) Reporting of Internal Auditor

The Internal Auditors of the Company report directly to the Audit Committee and are invited to be present as invitees at the Audit Committee meetings held every quarter.

XVI. Disclosures with respect to Demat Suspense Account/Unclaimed Suspense Account

The Company does not have any unclaimed shares and hence the disclosure pursuant to SEBI (LODR) Regulations is not applicable.

XVII. Compliance

The Company is in compliance with all the mandatory requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR), Regulations, 2015 as applicable with regards to Corporate Governance.

The Company has obtained a certificate from a Practicing Company Secretary in compliance with the conditions of Corporate Governance as stipulated in SEBI (LODR) Regulations. A Copy of the Certificate is attached to the Boards' Report.

ANNEXURE I TO CG REPORT

CEO / CFO CERTIFICATION

May 08, 2023
The Board of Directors
Happiest Minds Technologies Limited
Bengaluru

We, Joseph Anantharaju, Executive Vice Chairman & CEO-PES, Rajiv Shah, President & CEO-DBS, Ram Mohan C, President & CEO-IMSS and Venkatraman Narayanan, Managing Director & CFO of Happiest Minds Technologies Limited to the best of our knowledge and belief, certify that:

(a) We have reviewed the financial statements and the cash flow statement for the quarter and financial year ended March 31, 2023 and confirm that:

  (i) these financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  (ii) these financial statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations;

(b) There is, to the best of our knowledge and belief, no transaction entered into by the Company during the quarter and financial year ended March 31, 2023, which is fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining Internal Controls for financial reporting and that we have evaluated the effectiveness of Internal Control Systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such Internal Controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the Auditors and the Audit committee that for the quarter and financial year ended March 31, 2023, that there were:

(i) no significant changes in Internal Control over financial reporting;

(ii) no significant changes in accounting policies and that the same have been disclosed in the notes to the financial statement; and

(iii) no instances of significant fraud of which we have become aware and there has been no involvement therein of the management or an employee having a significant role in the Company's Internal Control System over financial reporting.

We further declare that all the Board Members and Senior Management Personnel have affirmed compliance with Code of Conduct in respect of the financial year ended March 31, 2023.

Executive Vice Chairman & CEO-PES Bengaluru, India	**President & CEO-DBS** Bengaluru, India	**President & CEO-IMSS** Bengaluru, India	**MD & CFO** Bengaluru, India

ANNEXURE II TO CG REPORT

SHAREHOLDERS INFORMATION

1. Annual General Meeting (AGM) of the Company

Date: Monday, the July 17, 2023
Time: 4.00 pm (IST)
Venue: Through Video Conference. For details, please refer to Notice of this AGM.

2. Financial Year

The financial year of the Company was from April 1, 2022, to March 31, 2023. The quarterly results for the financial year were announced as follows:

For the quarter ended June 30, 2022	July 21, 2022
For the quarter ended September 30, 2022	October 20, 2022
For the quarter ended December 31, 2022	January 19, 2023
For the quarter and Financial Year ended March 31, 2023	May 08, 2023

Company's tentative calendar (subject to change) for the announcement of quarterly results & AGM during the financial year 2023-24 would be as below:

For the quarter ended June 30, 2023	July, 2023
For the quarter ended September 30, 2023	October, 2023
For the quarter ended December 31, 2023	January, 2024
For the quarter and financial year ended March 31, 2024	April, 2024
For Annual General Meeting of the Company	June, 2024

3. Dividend Payment

The Board of Directors of the Company has recommended a final dividend of ₹ 3.40/- per equity share of face value of ₹ 2/- each, for the financial year ended March 31, 2023, subject to the approval of the shareholders at the ensuing AGM.

The Register of Members of the Company will be closed from Saturday, July 08, 2023, to Monday, July 17, 2023, (both days inclusive) for the purpose of the AGM, annual closing and for determining entitlement of members for the final dividend for FY'23. The record date for payment of the final dividend would be July 07, 2023.

The final dividend, if approved, will be paid on or after July 24, 2023.

4. Stock Exchanges

The Company's equity shares are listed on following Stock Exchanges as on March 31, 2023:

Name of the Exchange and Stock Code	Address & Contact details
BSE Limited ("BSE") Stock Code: 543227 & 974728	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001, Maharashtra, India Tel: +91 22 22721233/34; Fax: +91 22 22721919
National Stock Exchange of India Limited ("NSE") Stock Code: HAPPSTMNDS	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051, Maharashtra, India Tel: +91 22 26598100-14; Fax: +91 22 26598120

The Company hereby confirms that it has duly paid the listing fees for the financial year 2023-24 to both BSE and NSE. It further confirms that the equity shares of the Company have never been suspended from trading either by the BSE or NSE from the time it has been listed.

5. Stock Market Price Data

High and Low (based on daily closing prices) and volume (total number of equity shares traded) during each month in the last financial year ended March 31, 2023, is as follows:

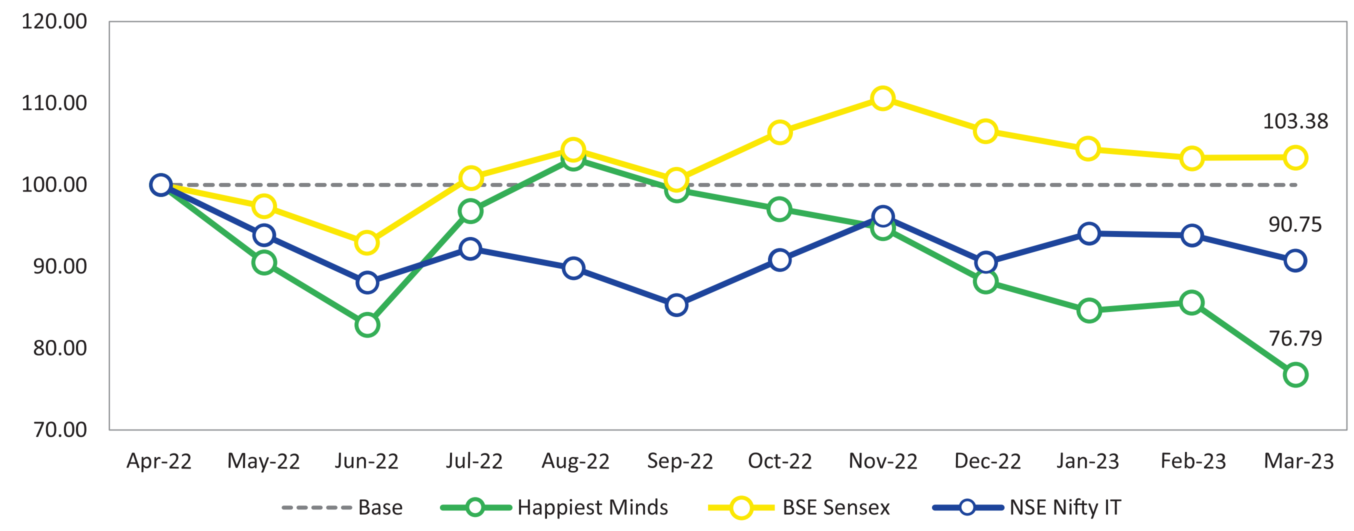
Month	BSE			NSE		
	High (Amt in ₹)	Low (Amt in ₹)	Total Volume (in lakhs)	High (Amt in ₹)	Low (Amt in ₹)	Total Volume (in lakhs)
April, 2022	1,178.85	991.1	8.09	1,179.40	990	57.5
May, 2022	1,023.90	823.55	11.12	1,024.90	823	81.02
June, 2022	1,024.00	785.55	32.23	1,023.90	785.6	115.1
July, 2022	1,032.95	812.70	12.76	1,027.75	813.00	111.18
August, 2022	1,136.45	943.00	12.45	1,136.00	946.00	152.56
September, 2022	1,091.30	965.75	9.53	1,092.90	965.00	73.62
October, 2022	1,043.05	969.00	9.38	1,043.65	969.00	42.49
November, 2022	1,014.70	920.65	5.77	1,014.60	866.00	45.61
December, 2022	996.00	845.45	6.36	996.15	845.45	47.06
January, 2023	895.15	822.35	4.06	895.00	822.00	46.84
February, 2023	928.00	825.00	6.33	928.85	828.00	63.66
March, 2023	873.90	763.50	5.48	873.80	763.25	41.07

6. Stock Performance

Performance of the Company's equity shares (closing share price on last trading day of each month) on NSE in comparison to BSE Sensex and NSE Nifty IT during the financial year ended March 31, 2023, is as follows:

Month	Happiest Minds	BSE Sensex	NSE Nifty IT
April, 2022	999.90	57,060.87	31,622.40
May, 2022	905.10	55,566.41	29,679.05
June, 2022	828.95	53,018.94	27,843.35
July, 2022	967.95	57,570.25	29,152.30
August, 2022	1,031.90	59,537.07	28,407.90
September, 2022	993.95	57,426.92	26,981.15
October, 2022	970.35	60,746.59	28,727.60
November, 2022	947.55	63,099.65	30,391.70
December, 2022	881.20	60,840.74	28,621.70
January, 2023	846.10	59,549.90	29,740.35
February, 2023	856.05	58,962.12	29,663.95
March, 2023	767.85	58,991.52	28,698.60

Stock Performance



7. Registrars and Transfer Agents (RTA)

All work related to Share Registry, both in physical and electronic form, are handled by the Company's Registrar and Share Transfer Agent, whose name and contact details are as given below:

M/s. KFin Technologies Limited
Unit: Happiest Minds Technologies Limited
"Selenium" Tower B, Plot No. 31 & 32, Financial District, Nanakramguda,
Serilingampally Mandal, Hyderabad - 500 032, Telangana, India
Tel. No. + 91 - 1- 800-309-4001; E-mail: einward.ris@kfintech.com
Website: https://www.kfintech.com/

8. Share Transfer System

Pursuant to Regulation 40 (1) of SEBI (LODR) Regulations, effective from April 1, 2019, transfer of shares in physical mode has been discontinued and accordingly the Company has not processed transfer of shares in physical mode (except in case of request received for transmission or transposition of shares) from the time the said Regulation was applicable and all the transfer of shares would be carried out only in dematerialized form by the respective Depository Participants of the shareholders.

Accordingly, shareholders holding shares in physical form are urged to have their shares dematerialized at the earliest so that they can transfer them in dematerialized form and participate in various corporate actions.

9. Distribution of Shareholding

(a). Distribution of equity shareholding as on March 31, 2023:

Category (No. of Shares)	No. of Shareholders	% of Shareholders	No. of Shares	% of Total No. of Shares
1 – 5,000	729,099	99.81	34,242,532	23.32
5,001 – 10,000	679	0.09	2,436,515	1.65
10,001 – 20,000	345	0.05	2,447,630	1.67
20,001 – 30,000	125	0.01	1,524,078	1.04
30,001 – 40,000	59	0.01	1,033,954	0.70
40,001 – 50,000	28	0.01	631,373	0.43
50,001 – 100,000	61	0.01	2,174,816	1.48
100,001 & above	90	0.01	102,372,658	69.71
Total	**730,486**	**100**	**146,863,556**	**100**

(b). Shareholding pattern:

Category of Shareholders	As on March 31, 2023*				As on March 31, 2022			
	No. of Share-holders	% of total Share-holders	Total Shares	% of total shares	No. of Share-holders	% of total Share-holders	Total Shares	% of total Shares
Promoters and Promoter group	6	0.00	78,193,080	53.24	6	0	78,214,420	53.26
Body corporates	808	0.11	5,696,614	3.88	826	0.12	3,293,558	2.24
FIIs/NRIs/FPI's	7,759	1.09	9,783,028	6.66	4,857	0.72	11,819,453	8.05
Mutual funds/ Banks/ FI's/ QIB	15	0.00	1,147,570	0.78	15	0	2,173,041	1.48
Clearing Members	69	0.01	28,309	0.02	127	0.02	238,872	0.16
Trust	4	0.00	865	0.00	5	0	2,800	0
Public	702,907	98.78	52,014,090	35.42	669,286	99.14	51,121,412	34.81
Total	**711,568**	**100.00**	**146,863,556**	**711,568**	**675,122**	**100**	**146,863,556**	**100**

* Post consolidation of multiple folios/client IDs

10. Dematerialization of shares and liquidity

98.98% of the Company's shares are in dematerialized form as on March 31, 2023, held with both the Depositories viz., the National Securities Depository Limited ('NSDL') and the Central Depository Services (India) Limited ('CDSL') and the break-up is as follows:

Description	As on March 31, 2023*			As on March 31, 2022		
	No of Holders	No. of Shares	% to Total Shares	No of Holders	No. of Shares	% to Total Shares
NSDL	171,585	119,045,277	81.06	167,972	119,875,867	81.62
CDSL	558,754	26,316,877	17.92	524,240	23,960,285	16.32
Physical	147	1,501,402	1.02	368	3,027,404	2.06
Total	**730,486**	**146,863,556**	**100.00**	**692,580**	**146,863,556**	**100.00**

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's equity shares is INE419U01012.

11. Outstanding Global Depository Receipts (GDR) or American Depository Receipts (ADR) or warrants or any convertible instruments, conversion date and likely impact on equity

The Company has no outstanding GDR / ADR / warrants or any convertible Instruments as of March 31, 2023.

12. Commodity price risk or foreign exchange risk and hedging activities

The Company does not deal in commodities and hence the disclosure pursuant to SEBI (LODR) Regulations is not applicable. For a detailed discussion on foreign exchange risk and hedging activities with regard to Company's revenue in foreign currency, please refer to the Management Discussion and Analysis Report forming part of the Annual Report.

13. Plant Locations

We do not have any manufacturing plants. The registered office address and the branch locations along with the contact details have been provided separately in the Annual Report and the details are also available at https://www.happiestminds.com/location/.

14. Address for Correspondence

Shareholders can send their correspondence with respect to their shares, dividend, request for annual reports and grievances, if any to the Company's RTA as per contact details provided in Sl.No.7 above. They can also correspond with the Company as per below contact details:

Mr. Praveen Kumar Darshankar
Company Secretary & Compliance Officer
Happiest Minds Technologies Limited
#53/1-4, Hosur Main Road, Madivala, Bengaluru-560068,
Karnataka, India; Tel No.: +91 80 61960300
Email: investors@happiestminds.com

The Company has also designated a person for addressing queries relating to results/analyst calls viz., Mr. Sunil Gujjar, Head of Investor Relations and he can be contacted at the above address and through email at IR@happiestminds.com.

15. Credit Ratings

The following are the credit ratings of the Company issued by India Ratings and Research (Ind-Ra) and Care Ratings Limited for the loans and debt instruments issued by the Company. The instrument-wise ratings outlook and action are as follows:

India Ratings and Research (Ind-Ra):

Instrument type	Maturity Date	Size of Issue (₹ Mn)	Rating Outlook	Rating action
Term Loans	January, 2024	348.44	INDA+/Positive	Outlook revised to Positive from Stable
Fund Based Limit	NA	2,300	IND A+/Positive/IND A1+	Outlook revised to Positive from Stable

Care Ratings Limited:

Instrument type	Maturity Date	Size of Issue (₹ Mn)	Rating Outlook	Rating action
Non-convertible debenture	Tranche I- March 27, 2026 Tranche II- May 08, 2026	1,250	CARE AA-/ Stable (Double A Minus)	Stable
Long term bank facilities	July, 2032	1,250	CARE AA-/ Stable (Double A Minus)	Stable

ANNEXURE I TO CG REPORT

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
HAPPIEST MINDS TECHNOLOGIES LIMITED
53/1-4, Hosur Main Road, Madivala
(Next to Madivala Police Station)
Bengaluru - 560068

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **HAPPIEST MINDS TECHNOLOGIES LIMITED**, having CIN - L72900KA2011PLC057931 and having registered office at # 53/1-4, Hosur Main Road, Madivala (Next to Madivala Police Station), Bengaluru - 560068 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India (SEBI) and Ministry of Corporate Affairs (MCA).

Details of Directors:

Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	Mrs. Anita Ramachandran	00118188	June 04, 2020
2.	Mr. Ashok Soota	00145962	April 01, 2011
3.	Mr. Venkatraman Narayanan	01856347	January 16, 2018
4.	Mr. Rajendra Kumar Srivastava	07500741	June 04, 2020
5.	Mrs. Shuba Rao Mayya	08193276	June 04, 2020
6.	Mr. Joseph Vinod Anantharaju	08859640	November 04, 2020

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V SREEDHARAN & ASSOCIATES
Company Secretaries

Devika Sathyanarayana
Partner
FCS: 11323; CP No. 17024

Place: Bengaluru
Date: May 8, 2023

UDIN: F011323E000267601

Business Responsibility & Sustainability Reporting

Section A: General Disclosures

I. Details of the listed entity

1. **Corporate Identity Number (CIN) of the Listed Entity -** L72900KA2011PLC057931
2. **Name of the Listed Entity -** Happiest Minds Technologies Limited
3. **Year of Incorporation -** March 30, 2011
4. **Registered office address -** 53/1-4, Hosur, Main Road, Madivala, Bengaluru-560068, Karnataka
5. **Corporate address -** 53/1-4, Hosur, Main Road, Madivala, Bengaluru-560068, Karnataka
6. **E-Mail -** legal@happiestminds.com
7. **Telephone -** 08061960300
8. **Website -** www.happiestminds.com
9. **Financial year for which reporting is being done -** FY 2022-23
10. **Name of the Stock Exchange(s) where shares are listed -** National Stock Exchange of India/Bombay Stock Exchange
11. **Paid-up Capital -** ₹29,37,27,112
12. **Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR Report -** Aurobinda Nanda, President - Operations (Legal@happiestminds.com), Telephone - 08061960300
13. **Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (for the entity and all the entities which form a part of its consolidated financial statements, taken together) -** Disclosures made in this report are on a standalone basis and pertain only to Happiest Minds Technologies Ltd.

II. Products/services

14. **Details of business activities (accounting for 90% of the turnover):**

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the Entity
1.	Information and communication	Computer programming, consultancy, and related activities	100%

15. **Products/Services sold by the entity (accounting for 90% of the entity's turnover):**

S. No.	Product/Service	NIC Code	% of Total Turnover Contributed
1.	Computer programming and related activities	6201	100%

III. Operations

16. **Number of locations where plants and/or operations/offices of the entity are situated:**

Location	Number of plants	Number of offices	Total
National	Not Applicable	7	7
International	Not Applicable	12	12

17. **Markets served by the entity:**

a. Number of Locations

Locations	Number
National (No. of States)	7
International (No. of Countries)	7

b. **What is the contribution of exports as a percentage of the total turnover of the entity?**

83.68%

c. **A brief on types of customers**

Happiest Minds Technologies is in the business of providing digital transformation solutions. The Company provides a unique blend of services like cloud computing, social computing, big data, and mobility solutions amongst others. The Company's clients range across geographies and various sectors, viz., automotive, banking, consumer goods, e-commerce, manufacturing, retail, travel and hospitality, etc. The Company also believes in forging long-term partnerships with clients & hence additional criteria such as client turnover and IT budget are used as lead indicators of potential to scale and deliver value in multiple areas.

IV. Employees

18. Details as at the end of the Financial Year i.e.

a. **Employees and workers (including differently abled):**

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	4,589	3,337	73%	1,252	27%
2.	Other than Permanent (E)	328	233	71%	95	29%
3.	Total employees (D + E)	4,917	3570	73%	1,347	27%

Note: The Company does not have any workers as defined in the guidance note on BRSR.

b. **Differently abled employees**

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	6	3	50%	3	50%
2.	Other than Permanent (E)	2	1	50%	1	50%
3.	Total differently abled employees (D + E)	8	4	50%	4	50%

19. Participation/inclusion/representation of women

	Total (A)	No. and percentage of females	
		No. (B)	% (B/A)
Board of Directors	6	2	33%
Key Management Personnel	1	0	0%

20. Turnover rate for permanent employees and workers

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	20.33%	18.33%	19.79%	23.42%	20.60%	22.71%	12.70%	11.56%	12.43%

V. Holding, subsidiary and associate companies (including a joint venture)

21. a. **Name of the holding/subsidiary/associate companies / joint ventures (A) –**

S. No.	Name of the holding/ subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% Of shares held by the listed entity	Do the entities indicated in column A participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Happiest Minds Inc	Wholly Owned Subsidiary	100%	Yes
2.	Sri Mookambika Infosolutions Private Limited (SMI)	Wholly Owned Subsidiary	100%	Yes

VI. CSR details

22.

i. Whether CSR is applicable as per Section 135 of Companies Act, 2013: Yes

ii. Turnover: ₹ 1,33,255 Lakhs.

iii. Net worth: ₹ 82,598 Lakhs.

iv. Total amount spent on CSR for FY 2022-23: ₹ 333 Lakhs.

VII. Transparency and Disclosures Compliances

23. Complaints/grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC)

Stakeholder group from whom the complaint is received	Grievance Redressal Mechanism(s) in Place (Yes/No) (If yes, then provide a web link for Grievance Redressal Policy)	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		Number of complaint(s) filed during the year	Number of complaint(s) pending resolution at the close of the year	Remarks	Number of complaint(s) filed during the year the year	Number of complaint(s) pending resolution at the close of the year	Remarks
Communities	NA	NIL	NA	-	NIL	NA	-
Investors (other than shareholders)	NA	NIL	NA	-	NIL	NA	-
Shareholders	YES	191	NIL	-	232	NIL	-
Employees And workers	NIL	NIL	NA	-	NIL	NA	-
Customers	YES	14	NIL	-	13	NIL	-
Value Chain Partners	NA	NIL	NA	-	NIL	NA	-
Others	NA	NIL	NA	-	NIL	NA	--

24. Overview of the entity's material responsible business conduct issues: Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk, as per the following format:

Refer page number 34 under the section 'Addressing the most critical matters'

Section B: Management and Process Disclosures

The National Guidelines for Responsible Business Conduct (NGRBC) as prescribed by the Ministry of Corporate Affairs advocates nine principles referred to as P1-P9 as given below:

P1	Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent, and accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive towards all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment
P7	Businesses when engaging in influencing public and regulatory policy should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Questions	P 1	P 2	P3	P4	P5	P6	P7	P8	P9
	P1 Ethics & Transparency	P2 Product Responsibility	P3 Human Resources	P4 Responsiveness to Stakeholders	P5 Respect for Human Rights	P6 Responsible Lending	P7 Public Policy Advocacy	P8 Inclusive Growth	P9 Customer Engagement
Policy and management processes									
1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No) {Refer Note 1}	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web link of the policies, if available	https://www.happiestminds.com/investors/policy-documents/Business%20Responsibility%20Policy.pdf								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/ No)	No								
4. Name the national and international codes/ certifications/ labels/standards	• ISO 9001:2015: Quality Management System • ISO 27001:2013: Information Security Management System • ISO 27701: 2019: Privacy Information Management System • CREST: Penetration Testing Operating in EMEA								
5. Specific commitments, goals, and targets set by the entity with defined timelines, if any.	1. Achieve carbon neutrality in the Company's operation by 2030. 2. Establish and drive sustainable power usage & water conservation techniques. 3. Establish volunteering and community involvement programs to cover at least 20% of the Company's teams. 4. Support community through partnership with NGOs to improve food & nutrition, environmental sustainability, and access to healthcare. 5. Disclosure levels to be in the top 10% of comparable and best-listed entities in India.								
6. Performance of the entity against specific commitments, goals and targets along with reasons in case the same are not met.	At each Board Meeting, the following are presented and reviewed: 1. Performance against annual financial and strategic plan. 2. Review of the inorganic growth plans of the Company. 3. Objective set for the Management vs. Achievement 4. Performance against priorities for the Management for the quarter. 5. Review of CSR, Environmental Compliances, Sustainability Framework, and Corporate Governance reports.								

Disclosure Questions	P 1	P 2	P3	P4	P5	P6	P7	P8	P9
	P1 Ethics & Transparency	P2 Product Responsibility	P3 Human Resources	P4 Responsiveness to Stakeholders	P5 Respect for Human Rights	P6 Responsible Lending	P7 Public Policy Advocacy	P8 Inclusive Growth	P9 Customer Engagement
Governance, Leadership and Oversight									
7. Statement by the director responsible for the business responsibility report, highlighting ESG-related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure) Refer page 62 under the section 'MD & CFO's Letter'									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies). VENKATRAMAN NARAYANAN Managing Director & CFO (DIN: 01856347)									
9. Does the entity have a specified Committee of the Board/Director responsible for decision-making on sustainability-related issues? (Yes / No). If yes, provide details.	Yes. The overall responsibility of Happiest Minds' corporate governance, ethics, and all the sustainability practices rests with the ESG Committee which plays a major role in decision-making and incorporating sustainability in core business decisions and internal operations. This is a management level committee comprising of senior members across major functions at the Company and is chaired by a member of the senior management team. The Committee ensures the implementation of the Company's ESG strategy and strict compliance to the road map to achieve set targets. The ESG Committee also works on improving the Company's disclosures to effectively demonstrate the ESG commitment to all its stakeholders. The Committee comprises members across different functions and businesses that help in identifying ESG-related risks and related financial impacts for the Company. The ESG team meets once every quarter to review the ESG progress and performance.								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether a review was undertaken by the Director / Committee of the Board / Any other Committee									Frequency (Annually / Half Yearly / Quarterly / Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against the above policies and follow-up action	Y	Y	Y	Y	Y	Y	Y	Y	Y	Q	Q	Q	Q	Q	Q	Q	Q	Q
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Y	Y	Y	Y	Y	Y	Y	Y	Y	Q	Q	Q	Q	Q	Q	Q	Q	Q

11. Has the entity carried out an independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.

No; the processes and compliances, however, may be subject to scrutiny by internal auditors and regulatory compliances, as applicable. The policies are evaluated periodically and updated by various department heads and business heads and approved by the management or board to ensure alignment with the changing business dynamics. An internal assessment of the workings of the Business Responsibility (BR) policies is conducted periodically and when necessary, auditors within the organization and statutory requirements assess the practices and compliances.

12. If the answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Not Applicable.

Section C: Principle-Wise Performance Disclosure

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

ESSENTIAL INDICATOR

1. **Percentage coverage by training and awareness programs on any of the principles during the financial year.**

Segment	Total number of training and awareness programs held	Topics/principles covered under the training and its impact	% Of persons in their respective categories covered by the awareness programs
Board of Directors / Key Managerial Personnel (KMP)		o "Prevention of Sexual Harassment & Redressal Mechanism Policy" program o Mindfulness program o Mission, Vision and Values o Information Security Awareness training	100% KMP has completed all the programs
Employees other than the Board of Directors or KMPs			97% of Happiest Minds Employees have attended Mission Vision & Values session 87% of Happiest Minds Employees have attended Mindfulness session 85% of Happiest Minds Employees have attended the POSH online program 90% of Happiest Minds Employees have completed Information Security Awareness

2. **Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: The entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

Nil

3. **Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.**

Not Applicable

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web link to the policy.**

The Company's Anti-bribery policy is covered under clause 5.1 of the Integrity Policy. Happiest Minds' values are Sharing, Mindful, Integrity, Learning, Excellence, and Social Responsibility (SMILES). Integrity, one of the core values, involves respecting commitments not just in letter, but in spirit, by being reliable, trustworthy & dependable, exhibiting professional, intellectual and financial integrity by being truthful, transparent & honest, and sticking up for the right, not just the convenient.

Each of its stakeholders – Directors, Members of the Board, Members of the Advisory Board, Happiest Minds (team), Partners, Suppliers, and Consultants ("Stakeholders") – are responsible for complying with all applicable laws and regulations in each country in which the Company does business and for knowing and complying with the Integrity Policy. The Policy expects that no one at the Company practices any illegal or unfair means to do business and should not accept or give bribes, kickbacks, loans, inducements, gifts, favours, or any other improper payments, direct or indirect, to any government officials, current or prospective customers, suppliers or competitors to win a contract or for some commercial gain or revenue. The below-mentioned policies are given on the Company's website:

https://www.happiestminds.com/investors/policy-documents

https://www.happiestminds.com/investors/policy-documents/Integrity%20Policy.pdf

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:**

	FY 2022-23	FY 2021-22
Directors	NIL	NIL
KMPs		
Employees		

6. **Details of complaints with regards to conflict of interest**

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of conflict of interest of directors	NIL	NA	NIL	NA
Number of complaints received in relation to issues of conflict of interest of KMPs	NIL	NA	NIL	NA

7. **Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/ law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.**

Not Applicable

LEADERSHIP INDICATORS

1. **Does the entity have processes in place to avoid/manage conflict of interests involving members of the board? (Yes/No) If yes, provide details of the same.**

Yes, Happiest Minds has processes in place to avoid and manage conflicts of interest involving members of the board and the senior management. The Company's Code of Conduct for Directors and Senior Management states that the Board members and Senior Management of the Company are needed to abstain themselves from discussion, voting, or otherwise influencing a decision on any matter in which they have or may have a conflict of interest; restrict themselves from serving as a Director of any Company that is in direct competition with the Company, or must take prior approval from the Company's Board of Directors before accepting such position. Managerial Excellence and Development of Agile Leaders (MEDAL) covers the training program on avoiding conflicts with employee categories C7 and above (around 120 employees). The 'WE HEAR' tool is the mechanism followed by the Company where the matter of conflict can be raised and sent by email to the CPO directly. Later, a team is formed to resolve the conflict. The Company ensures that the operations must be done in compliance with the applicable laws, regulations, and rules, and the introduction of the Happiest Minds Code of Conduct serves as crucial to the success of the Company.

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of products and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2022-23	FY 2021-22	Details of improvement in Environmental and Social impacts
R&D	NA	NA	NA
Capex	3%	NA	CAPEX investments towards Renewable Energy Projects (Solar)

2. (a) **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

Yes.

(b) **If yes, what percentage of inputs were sourced sustainably?**

Happiest Minds is conscious of the role of sustainability in its business and actively collaborates with vendors and suppliers to raise ethical and environmental standards throughout the supply chain. The Company has in place a sustainable sourcing policy, vendor code of conduct, and a value system sustainability framework to ensure compliance with all the ESG parameters across the value chain.

3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging), (b) E-waste, (c) Hazardous waste, and (d) other waste.

As a digital solutions provider company, there is limited scope for using recycled material as inputs for various business processes. Nonetheless, the Company continually seeks out opportunities to recycle waste.

The Company disposes of garbage safely by using the procedures listed below:

- Disposing of plastic waste through the Bruhat Bengaluru Mahanagara Palike (BBMP) and refraining from using plastic items and garbage covers in the cafeteria.
- The IS team is transporting E-waste to licensed vendors authorized by the Karnataka State Pollution Control Board (KSPCB) and receiving the certificate of disposal.
- Giving licensed suppliers from the KSPCB access to toxic materials like DG filters.
- Giving additional paper waste to BBMP for disposal.
- Dry garbage and food scraps are turned into manure and used for an indoor garden.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Not Applicable

LEADERSHIP INDICATORS

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for the manufacturing industry) or for its services (for the service industry)? If yes, provide details in the following format.

Not Applicable

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along with the action taken to mitigate the same.

Not Applicable

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Not Applicable

4. Of the products and packaging reclaimed at end of life of products, the amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

Not Applicable

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Not Applicable

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

1. a. Details of measures for the well-being of employees

Category	% Of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
PERMANENT EMPLOYEES											
Male	3,337	3,337	100%	3,337	100%	-	-	3,337	100%	3,337	100%
Female	1,252	1,252	100%	1,252	100%	1,252	100%	-	-	1,252	100%
Total	4,589	4,589	100%	4,589	100%	1,252	27%	3,337	73%	4,589	100%
OTHER THAN PERMANENT EMPLOYEES*											
Male	233	84	36%	84	36%	-	-	233	100%	84	36%
Female	95	42	44%	42	44%	95	100%	-	-	42	44%
Total	328	126	38%	126	38%	95	29%	233	71%	126	38%

*Health and Accident Insurance is provided to only Team Lease Partners.

b. Details of measures for the well-being of workers

Not Applicable

2. Details of retirement benefits for the current and previous financial year

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	NA	Y	100%	NA	Y
Gratuity	100%	NA	Y	100%	NA	Y
ESI	0.4%	NA	Y	0.4%	NA	Y
Others – please Specify	Not Applicable					

3. Accessibility of workplaces

Are the premises/offices accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

The Company's office and premises have been equipped with handrails, ramps and lifts to facilitate the movement of differently abled individuals thus making the premises access friendly. The Company also offers mechanized wheelchairs that may be used inside the building for individuals who may require such assistance.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Happiest Minds Technologies, being an equal opportunity employer, believes in promoting diversity and inclusion in its work culture, which allows all employees to contribute wholly with their skills, experience and perspective for creating unmatched value for all stakeholders. The Company endeavours to provide a safe, secure, and congenial work environment so that employees can deliver their best without inhibition. The Company has an "Equal Opportunity Statement".

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees	
	Return to work rate	Retention rate
Male	154	100%
Female	41	98%
Total	**195**	**98%**

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Permanent Employees	Yes
Other than Permanent Employees	Yes

Happiest Minds' internal tool 'We Hear' is an online application which allows employees to raise their concerns or grievances to the senior leadership of the company in cases of discrimination or sexual harassment. The Internal Committee (IC) then takes appropriate action in a timely manner to and ensures effective resolution. Further the Audit Committee of the company is tasked with establishing a vigil mechanism for all the employees providing them with a platform to voice their concerns.

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Happiest Minds does not have any employee associations. The Corporation, however, recognises the right to freedom of association and does not discourage collective bargaining.

8. Details of training given to employees and workers

Category	FY 2022-23					FY 2021-22				
	Total (A)	On health and safety measures		On skill up gradation		Total (A)	On health and safety measures		On skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES										
Male	3,435	1,996	58%	1,553	45%	2,777	2,777	100%	1,186	49%
Female	1,308	623	48%	581	44%	967	967	100%	494	58%
Total	**4,743**	**2,619**	**55%**	**2,134**	**45%**	**3,744**	**3,744**	**100%**	**1,680**	**51%**

9. Details of performance and career development reviews of employees and workers

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
EMPLOYEES						
Male	3,074	3,074	100%	2,444	2,444	100%
Female	1,159	1,159	100%	1,300	1,300	100%
Total	**4,233**	**4,233**	**100%**	**3,744**	**3,744**	**100%**

10. Health and Safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage of such system?

Yes, the 'Health and Safety Policy' covers all the stakeholders of Happiest Minds including Trainees, Employees, Consultants, Vendor Partners, and Retainers.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Company has stringent guidelines to ensure health and safety of all the employees. The Company undertakes various measures to proactively identify risks, evaluate them and timely mitigate them to ensure a safe working environment.

- The Company records organizational safety and health performance, including work-related incidents, accidents, and severe illnesses like risks from epidemics, and it investigates any issues that do happen to reduce their frequency and severity.
- To ensure continuous implementation of applicable best practices in safety and health management, the company strives to interact closely with relevant external agencies and companies in its sector.
- All personnel are informed, fully engaged, and trained by the Company on safety and health issues. The Company also ensures that health and safety records are reviewed at regular intervals to guarantee compliance with applicable laws.
- The organisation promotes adopting best practices in health and safety among its vendors, contractors, and business partners.
- Adherence to the Health, Safety & Environment guidelines is confirmed periodically and is regularly reviewed internally.

c. Whether you have processes for workers to report work-related hazards and to remove themselves from such risks.

Not applicable owing to the nature of business.

d. Do the employees/workers of the entity have access to non-occupational medical and healthcare services?

Yes, the Company collaborated with well-known hospitals to provide internal stakeholders with consultations, and it has given all members free access to a 24/7 teleconsulting application from doctors. Additionally, it has given its staff amenities like:

- Medical Insurance, Voluntary Parental Insurance, Top Ups
- Salary Advances & Compassionate Loans for Medical Emergencies.
- Medical Teleconsultation for employees and their families.

11. Details of safety-related incidents

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one-million-person-hours worked)	employees	NIL	NIL
Total recordable work-related injuries	employees	NIL	NIL
No. of fatalities (safety incident)	employees	NIL	NIL
High-consequence work-related injury or ill health (excluding fatalities)	employees	NIL	NIL

12. Describe the measures taken by the entity to ensure a safe and healthy workplace

Happiest Minds is recognized with "Great Place to Work®" certifications among the top 10 'India's Best Workplaces in Health and Wellness 2022'. With these recognitions, the organization strives to maintain the workplace by undertaking various measures across its operations. The Company emphasizes the value of ensuring a secure and healthy working environment for all its personnel as well as and any contractors who perform work on its property. The business has a health and safety policy that details actions like:

- Investigating incidents that occur and working to lessen their frequency and severity are all parts of tracking internal health and safety performance, which includes work-related accidents, incidents, and severe ill-health occurrences like epidemic threats.
- To ensure the ongoing adoption of applicable health and safety management practices, the Company works closely with relevant external organizations and within its industry.
- Creating an adequate financial and material budget to effectively oversee health and safety.
- Emergency Teams monitor serious occurrences that pose a threat to the safety of the Company's facilities and could have an impact on the health and safety of employees, clients, or clients at the facilities. In the event of a fire alarm, a medical emergency, or a partial or complete evacuation of the specific Company location, the Facility Management & Administration Team responds. These teams' members go through pertinent training at least once a year.

To achieve the underlying principle of maintaining a Great Place to Work®, Happiest Minds has implemented several initiatives aimed at promoting the health and wellness of our employees. These initiatives include special focus programs like Mindfulness Training, HappiZest, our wellness initiative, and Mithra - the Good Samaritan Counselling Programme.

13. Number of complaints on the following made by employees:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working conditions	NIL	NIL	-	NIL	NIL	-
Health and Safety	NIL	NIL	-	NIL	NIL	-

14. Assessments for the year:

	% of your plants and offices that were assessed (by the entity or statutory authorities or third parties)
Health and Safety Practices	Currently, no assessments have been made. However, the Company follows the process in its Risk register and does include medical conditions like Covid-19 and safety precautions.
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health and safety practices and working conditions.

Not Applicable as per the nature/ownership of the Business

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death? (A) Employees (Y/N) (B) Workers (Y/N).

Yes, Life Insurance is provided as part of the Group Term Life Policy, which extends compensation and support to the families in the event of an employee's death.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company takes great care to ensure that the statutory dues applicable are deducted and deposited by the value chain partners and the same is periodically reviewed by the internal and statutory audit committee.

3. Provide the number of employees having suffered high-consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees		No. of employees that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees	NIL	NIL	NIL	NIL

4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

We at Happiest Minds, do not follow the retirement age policy.

5. Details on assessment of value chain partners

	% Of value chain partners (by the value of business done with such partners) that were assessed
Health and Safety Practices	We trust all our value chain partners to abide by current laws, including those governing working conditions and health and safety procedures, as part of the Company's Value Chain Sustainability Framework. Fair working conditions are guaranteed by policies on sustainable procurement and ESG.
Working conditions	

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners

The organization recognizes the significance of health and safety regulations in every business and conducts a Vendors Feedback Survey to ensure adherence to health and safety parameters across the value chain. Regarding the parameters, no corrective action plan was required in FY 2022–23.

PRINCIPLE 4 Businesses should respect the interests of and be responsive to all its stakeholders

ESSENTIAL INDICATORS

1. Describe the processes for identifying key stakeholder groups of the entity.

At Happiest Minds, key stakeholders are identified through an exercise undertaken in consultation with the Company's management. The prioritized list of stakeholders includes customers, employees, shareholders, investors, government and regulatory bodies, communities and NGOs, staffing agencies, alliance partners, and other vendors. A stakeholder interaction exercise with both internal and external stakeholders is then undertaken as part of the development of this report. The priorities for strategy, policies, and action plans for the environment, economy, and society are based in part on the expectations and concerns of the identified stakeholders.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Refer page no. 32 under the section 'Engaging and innovating to create value for all stakeholders' of IAR.

LEADERSHIP INDICATORS

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board?

The Company firmly believes in a consistent engagement with its key stakeholders to ensure better communication of its performance and strategy. At Happiest Minds, we undertake materiality assessments for determining and ranking the most critical issues. As a part of this assessment, various interactions with the key stakeholders are undertaken to understand their opinion, concerns, grievances and suggestions across the ESG material issues.

Consultation medium between stakeholders, Company Management, and Board Members or interaction with officials takes place through various engagement channels as briefed on page 32 under the section 'Engaging and innovating to create value for all stakeholders' of IAR.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into the policies and activities of the entity.

Yes. ESG standards in Requests for Proposals (RFP) from clients call for the disclosure of information and a commitment regarding carbon neutrality, science-based targets, diversity, inclusion, equity, etc. In cooperation with the Executive Board of Happiest Minds, these needs have been considered and internalised with the existing ESG framework.

PRINCIPLE 5 Businesses should respect and promote human rights

1. Employees who have been provided training on human rights issues and policy(ies)

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees covered (B)	% (B/A)	Total (C)	No. of employees covered (D)	% (D/C)
Permanent	4,589	4,589	100%	3,744	3,744	100%
Other than Permanent	328	328	100%	424	424	100%
Total employees	4,917	4,917	100%	4,168	4,168	100%

2. Details of minimum wages paid to employees and workers, in the following format

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
EMPLOYEES										
Permanent	4,589	94	2%	4,495	98%	3,744	40	1%	3,704	99%
Male	3,337	55	2%	3,282	98%	2,775	31	1%	2,744	99%
Female	1,252	39	3%	1,213	97%	969	9	1%	960	99%
Other than Permanent	328	All other than Permanent employees are under the payroll of third-party vendors								
Male	233									
Female	95									

3. Details of remuneration/salary

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category in ₹	Number	Median remuneration/ salary/wages of respective category in ₹
Board of Directors (BoD) (Whole-time directors)	3	1,37,15,500	0	0
Key Managerial Personnel (other than BoD)	1	58,51,000	0	0
Employees other than BoD and KMP	3,070	15,22,600	1159	9,50,000
Workers*	NA	NA	NA	NA

* Note: The Company does not have any workers as defined in the guidance note on BRSR.

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, the internal committee oversees addressing and resolving the human rights violation issues.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Happiest Minds recognises the significant role that businesses can play in ensuring the long-term protection of human rights, and the Company is dedicated to upholding the human rights of its employees, communities, contractors, and suppliers. With respect to the internal mechanism, an internal committee (IC) has been created and established to evaluate the violations reported against sexual harassment, discrimination, and any other human rights violation. A professional lawyer with expertise in the Prevention of Sexual Harassment ("POSH") and Protection of Children against Sexual Offences Acts has been appointed by the corporation as an external member of the Internal Committee.

Further, the Company also has the below processes in place for grievance redressal of human rights issues:

- Presenting a grievance through Smiles Central's "We Hear" program. The Chief People Officer will be given the request. A Happiest Mind has the right to make a direct grievance to the Executive Board and the Executive Chairman regarding the Chief People Officer. The Internal Committee will thereafter be notified of this complaint.
- Sending the complaint or getting in touch with any IC member.

6. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of the year	Remarks	Remarks	Pending resolution at the end of the year	Remarks
Sexual Harassment	NIL	NIL	-	NIL	NIL	-
Discrimination at workplace	NIL	NIL	-	NIL	NIL	-
Child labor	NIL	NIL	-	NIL	NIL	-
Forced labor / Involuntary labor	NIL	NIL	-	NIL	NIL	-
Wages	NIL	NIL	-	NIL	NIL	-
Other human rights-related issues	NIL	NIL	-	NIL	NIL	-

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The organization has a well-defined procedure in place for resolving issues of harassment or discrimination, and also has a code of conduct in place regarding sexual harassment. Happiest Minds has stringent policies in place that prohibit sexual harassment across its operations. The organisation conducts regular training sessions and attendance for all staff members is mandatory. New employees also receive POSH training as a part of their induction sessions. Happiest Minds places a strong emphasis on promoting women's involvement across levels. The Company places a high priority on increasing the representation of women through specialized programs and interventions. Regarding the same, Happiest Minds has put guidelines in place to create a workplace that is supportive of women.

The Company has taken steps to keep the workplace safe for women to avoid any negative effects. These efforts include raising employee awareness and establishing strict guidelines for the Prevention of Sexual Harassment (POSH). Happiest Minds has consistently held the view that a supportive workplace is an essential component of being a responsible business.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes. The Code of Conduct governs all business dealings and agreements with Happiest Minds, and upholding basic human rights principles is a requirement for conducting business.

9. Assessments for the year

	% Of offices that were assessed (by the entity or statutory authorities or third parties)
Child labour	The Company follows the laws, as applicable. Although no assessment was done by the Company and no complaints were received.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.

The Company has complied with every relevant law after carefully evaluating the concerns linked to human rights. As a result, it does not anticipate any major risk factors or challenges.

LEADERSHIP INDICATORS

1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

In FY 2022-23, the organization has not received any complaints or grievances involving a human rights violation.

2. Details of the scope and coverage of any human rights due-diligence conducted.

The Company has a Code of Conduct in place to ensure that all Human Rights protocols are respected and are being followed.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

As required by the Rights of Persons with Disabilities Act, 2016, all facilities on the premises are wheelchair accessible, making it easy for people to move around. For those who need them, the company also offers motorized wheelchairs that may be used inside the building.

4. Details on assessment of value chain partners:

	% Of value chain partners (by the value of business done with such partners) that were assessed
Sexual harassment	No evaluation of value chain partners has been done. Except for some agreements, wherein some of these factors are meticulously scrutinized in financing arrangements.
Discrimination at workplace	
Child labour	
Forced labour/ Involuntary labour	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

No corrective action plan has been necessitated on the above-mentioned parameters in FY 2022-23.

PRINCIPLE 6 Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity

Parameter*	FY 2022-23	FY 2021-22
Total electricity consumption (A) (GJ)	10822.54	4007.16
Total fuel consumption (B) (GJ)	929.00	368.74
Energy consumption through other sources (C)	510.96	-
Total energy consumption (A+B+C) (GJ)	12262.49	4375.90
Energy intensity per rupee of turnover (Total energy consumption/ turnover in lakh rupees)	0.092	0.038

* Based on select offices and where the Corporation owns the premises.

The organizational boundary has been established using the "Operational Control Approach".

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, the name of the external agency.

No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable

3. Provide details of the following disclosures related to water.

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	2,005	915.4
(iii) Third-party water	2,168	28
(iv) Seawater / desalinated water	-	-
(v) Others - Produced water; (Drinking Water)	-	40.82
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	4,173	984.22
The total volume of water consumption (in kilolitres)	4,173	124.22
Water intensity per lakh rupees of turnover (litres of Water consumed / turnover)	0.031	1.09

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Owing to the nature of business, Happiest Minds does not release any untreated effluent and is in complete compliance with KSPCB regulations. The company recycles its wastewater post-treatment for flushing and gardening on its premises, Additionally, tests are performed monthly in compliance with KSPCB standards.

5. Please provide details of air emissions (other than GHG emissions) by the entity.

Parameter	Unit	FY 2022-23	FY 2021-22
NOx	mg/Nm3	46	49.6
SOx	mg/Nm3	9	7.1
Particulate matter (PM)	µg/m3	36	41.4
Persistent organic pollutants (POP)	µg/m3	20	NA
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	µg/m3	5.8	NA
Others – please specify	NA	NA	NA

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & their intensity

Parameter	FY 2022-23	FY 2021-22
Total Scope 1 emissions Metric tonnes of CO2 equivalent	57.37	27.68
Total Scope 2 emissions Metric tonnes of CO2 equivalent	2374.95	879.35
Total Scope 1 and Scope 2 emissions (per million rupees of turnover) tCO2e	2432.32	907.03

* Calculations are based on offices under the ownership and operational control.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency. (Y/N) If yes, the name of the external agency.

No

7. Does the entity have any project related to reducing Green House Gas emissions? If yes, then provide details.

Yes. Happiest Minds has committed to reducing its Scope 1 and 2 greenhouse gas (GHG) emissions and become carbon neutral by 2030. The Company has implemented various projects and initiatives to achieve this goal. One such example is installing solar power having a peak capacity of 183kWh at Madivala campus to reduce the grid energy consumption thereby reducing GHG emissions.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23	FY 2021-22	FY 2020-21
Total Waste Generated (in metric tonnes)			
Plastic waste (A)	NA	NA	NA
E-waste (B)	NA	NA	NA
Bio-medical waste (C)	NA	NA	NA
Construction and demolition waste (D)	45.35	NA	NA
Battery waste (E)	0	NA	NA
Radioactive waste (F)	0	NA	NA
Other Hazardous waste (G)	0.51	-	-
Other Non-hazardous waste generated (H).	5.04	0.96	0.72
Other Non-hazardous waste generated (H). H-1: Wet Waste (Food Waste)	0	0	0
H-2: Dry wastepaper waste	5.04	0.96	0.72
Total (A+B + C + D + E + F + G + H)	50.90	0.96	0.72
For each category of waste generated, total waste recovered through recycling, re-using, or other recovery operations (in metric tonnes)			
Category of waste			
(i) Recycled	-	-	-
(ii) Re-used	-	-	-
(iii) Other recovery operations	NA	NA	NA
Category 1 (Wet waste food waste)	NA	NA	NA
Category 2 (Dry wastepaper waste)	NA	NA	NA
Total	NA	NA	NA
For each category of waste generated, total waste disposed of by nature of disposal method (in metric tonnes)			
Category of waste	NA	NA	NA
(i) Incineration	NA	NA	NA
(ii) Landfilling	NA	NA	NA
(iii) Other disposal operations	NA	NA	NA
Category 1 (Wet waste food waste)	NA	NA	NA
Category 2 (Dry wastepaper waste)	5.04	0.96	0.72
Total	**5.04**	**0.96**	**0.72**

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency. (Y/N) If yes, the name of the external agency.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce the usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Given the nature of the business, there is no usage of hazardous and toxic chemicals by the organization.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/ clearances are required, please specify details in the following format:

Not Applicable as per the nature/ownership of the Organization.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not Applicable, as no impact assessments were undertaken by Happiest Minds in FY 2022-23.

12. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and Environment Protection Act and Rules thereunder (Y/N). If not, provide details of all such non-compliances.

Yes, Happiest Minds is compliant with all the applicable environmental laws and regulations based on its nature of business.

LEADERSHIP INDICATOR

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-23	FY 2021-22
From renewable sources		
Total electricity consumption (A)	510.96	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	510.96	-
From non-renewable sources		
Total electricity consumption (D)	10,822.54	4,007
Total fuel consumption (E)	929.00	369
Energy consumption through other sources (F)	NA	NA
Total energy consumed from non-renewable sources (D+E+F)	11,751.54	4,376

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, the name of the external agency.

No

2. Provide the following details related to water discharged:

Parameter	FY 2022-23	FY 2021-22
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	-	-
No treatment	-	-
With treatment – STP	2,433.28	860
(ii) To Groundwater	-	-
No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
(iii) To Seawater	NA	NA
No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
(iv) Sent to third parties	NA	NA
No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
(v) Others	NA	NA
No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
Total water discharged (in kilolitres)	**2,433.28**	**860**

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, the name of the external agency.

No

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

Not Applicable as per the nature of Business

4. Please provide details of total Scope 3 emissions & their intensity, in the following format:

The Organization is not tracking Scope 3 emissions as of now.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency. (Y/N) If yes, the name of the external agency.

No

5. With respect to the ecologically sensitive areas reported in Question 10 of Essential Indicators above, provide details of the significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.

Not Applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as the outcome of such initiatives, as per the following format:

Not Applicable

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web-link.

Yes, Happiest Minds has a board-approved Business Continuity Management (BCM) framework to ensure resilience and continuity of key services at a minimum acceptable level, to achieve a business-as-usual presence in the marketplace and safety of human resources. Business impact analysis and risk assessment is conducted periodically to assess the likely impact on the Company's business processes due to adverse events like, natural disasters, pandemic, technical disruptions like cyberattacks, or administrative decisions like lockdown etc. The Company has effectively implemented its business continuity strategies over the years and even during the pandemic, including establishing effective work-from-home practices to ensure connectivity throughout the firm.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

Not Applicable

9. Percentage of value chain partners (by the value of business done with such partners) that were assessed for environmental impacts.

Not Applicable

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

ESSENTIAL INDICATORS

1. a. **Number of affiliations with trade and industry chambers/associations.**

   4

   b. **List the top 10 trade and industry chambers/associations (determined based on the total members of such a body) the entity is a member of/affiliated to.**

Sr. No	Name of the trade and industry chambers/associations	Reach of the trade and industry chambers/associations (State/National)
1	Confederation of India Industries (CII)	National
2	National Association of Software and Service Companies (NASSCOM)	National
3	Federation of Karnataka Chambers of Commerce and Industry (FKCCI)	State
4	Indo-German Chamber of Commerce	National

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

   Not Applicable

LEADERSHIP INDICATORS

1. **Details of public policy positions advocated by the entity:**

   Not Applicable

PRINCIPLE 8 Business should promote inclusive growth and equitable development

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

   The Company has not undertaken any SIAs in the current financial year.

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity.**

   Not Applicable.

3. **Describe the mechanisms to receive and redress grievances of the community.**

   Not Applicable

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers.**

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	13.29	NA
Sourced directly from within the district and neighbouring districts	NA	NA

LEADERSHIP INDICATORS

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

   Not Applicable

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

   Not Applicable

3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized / vulnerable groups? (Yes/No)**

   No. However, we have a Procurement Manual in place, and the process is followed according to the Manual.

   (b) **From which marginalized / vulnerable groups do you procure?**

   Not Applicable

   (c) **What percentage of total procurement (by value) does it constitute?**

   Not Applicable

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge.**

   Not applicable

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

   Not applicable

6. **Details of beneficiaries of CSR Projects**

S. No.	CSR Project	No. of persons benefited from CSR projects	% of beneficiaries from vulnerable and marginalized groups
1.	The Akshaya Patra Foundation	5,000	The Company's objective is to pro-actively support meaningful socio-economic development in India and enable a significant number of people to participate in and benefit from India's economic progress. We are aware that holistic growth and development of the society play a crucial role in nation-building. Through our efforts, we are helping local communities address the social, economic, and environmental challenges to build a sustainable future. All our CSR initiatives, called Circle of Happiness, are for the support of the underprivileged, those who belong to the vulnerable/ marginalized section of the society.
2.	Vidyakshetra Vidyapeeth	97	
3.	Green Sole	1,500	
4.	Grow Trees (Pangea EcoNetAssets Private Limited)	Total 163,754 trees planted to enhance the habitat for tigers at Simplipal National Park, Odisha	
5.	Bethany Education Board	243	
6.	Idhayangal Charitable Trust	40	

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

ESSENTIAL INDICATORS

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

   The organization has a comprehensive framework for understanding customer needs and expectations, which aids in creating a plan for ongoing involvement and strengthening the customer bond. Early warnings are provided by these programs and aid the Company in planning the necessary course changes to offer clients high-quality services.

   The following tools are used to frequently review customer perceptions:

   - Weekly coordination amongst project team members to evaluate the status of various engagement streams and check that we are on the same track.
   - The sales/delivery leadership and client executives participate in a monthly governance process to review important risks and, if applicable, develop mitigation solutions as per the requirement.
   - BU heads and customer leadership participate in quarterly governance meetings to analyze relationship development, inform customers of new initiatives and projects at Happiest Minds, and address other issues.

   Customer Happiness Survey: This is a yearly survey that is distributed to various points of contact with customers.

NPS Promoter % Detractor %		Promoter	Passive	Detractor
	Count	178	93	9
	%	64	33	3

NPS SCORE: 60

Project Feedback: Along with the Customer Happiness Survey, two more programs are used to monitor customer satisfaction throughout the year: "Project End Feedback" for short-term engagements and "Ongoing Engagement Feedback" for ongoing engagements. These programs give us a 360-degree evaluation of the team's technical and domain expertise, the quality of the deliverables, and the value added during the engagement.

(a) Number of total customer complaints/feedback received during the last two financial years.

Fiscal Year	2023	2022
No. of complaints	14	13

(b) Total outstanding at the end of each year for the last two financial years.

All customer escalations are resolved within the stipulated time period and ensured that there are none open/pending for resolution.

(c) Total cases raised in consumer forums year-wise, during the last two financial years.

None

(d) What is the customer complaint resolution time?

The first response time for any customer complaint is done within 1 working day.

2. Turnover of products and/services as a percentage of turnover from all products/services that carry information about:

Not Applicable

3. Number of consumer complaints in respect of the following:

	FY 2022-23			FY 2021-22		
	Received during the year	Pending resolution at end of year	Remark	Received during the year	Pending resolution at end of year	Remarks
Data privacy	NIL	NIL	NA	NIL	NIL	NA
Advertising	NIL	NIL	NA	NIL	NIL	NA
Cyber-security	NIL	NIL	NA	NIL	NIL	NA
Restrictive Trade Practices	NIL	NIL	NA	NIL	NIL	NA
Unfair Trade Practices	NIL	NIL	NA	NIL	NIL	NA
Others	14	0	All complaints were resolved in a timely manner	13	0	All customer complaints were resolved successfully

4. Details of instances of product recalls on account of safety issues:

Not Applicable

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web link of the policy.

Yes, the Company has an information and cyber security framework that ensures all the information assets are safeguarded by establishing comprehensive management processes throughout the organisation so that business information is protected adequately through appropriate controls and proactive measures. The Information and cyber security policy has been approved by the Board and the Company has put in place an internal governance committee to review the information and cyber security programme. The framework is ISO 27701 certified and helps the Company to detect and speedily respond to any threats to its network, application and infrastructure. The ISMS policy is available to internal stakeholders on the Company's intranet.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Not Applicable

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).

Information relating to all the products and services provided by the Company is available on the Company's website, https://www.happiestminds.com/

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Not applicable owing to the nature of business.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

All such communications to the customer are authorized by Executive Board / respective Sales Representative.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regards to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes; The entity periodically carries out the survey for consumer satisfaction by putting the customers at the focal point through the Happiest Minds Customer Experience service and undertakes the evaluation of the Net Promoter Score annually. This helps the company understand the purchase patterns and customer behaviours aiding in providing the appropriate customised offerings to them.

5. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact

Nil

b. Percentage of data breaches involving personally identifiable information of customers

NA

Independent Auditor's Report

To The Members of Happiest Minds Technologies Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Happiest Minds Technologies Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information in which are incorporated the financial statements of Happiest Minds Technologies share Ownership Plans Trust (the "ESOP trust") for the year ended on that date audited by other auditors ('trust auditor').

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the trust auditor on separate financial statements referred to in the Other Matters section below, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the trust auditor in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Fixed price contracts using the percentage of completion method** *(refer note 2(a) and note 26 of the standalone Ind AS financial statement)* Revenue from fixed-price contracts where the performance obligations are satisfied over time, is recognized using the percentage-of-completion method. Use of the percentage-of-completion method requires the Company to determine the project costs incurred to date as a percentage of total estimated project costs required to complete the project. The estimation of total project costs involves significant judgement and is assessed throughout the period of the contract to reflect any changes based on the latest available information. We identified the revenue recognition for fixed price contracts where the percentage-of-completion method is used as a key audit matter because of the significant judgement involved in estimating the efforts to complete such contracts. This estimate has a high inherent uncertainty and requires consideration of progress of the contract, efforts incurred to-date and estimates of efforts to complete the contract. This required a high degree of auditor judgement in evaluating the audit evidence supporting the estimated efforts to complete and a higher extent of audit effort to evaluate the reasonableness of the total estimated efforts used to recognise revenue on fixed-price contracts.	**Principal audit procedures performed:** Our audit procedures related to estimates of efforts to complete for fixed-price contracts accounted using the percentage-of-completion method included the following, among others: • We tested the effectiveness of controls relating to (1) recording of efforts incurred and estimation of efforts to complete the remaining contract performance obligations, and (2) access and application controls pertaining to time recording and allocation systems, which prevents unauthorized changes to recording of efforts incurred. • We evaluated management's ability to reasonably estimate the progress towards satisfying the performance obligation by comparing actual information to estimates for performance obligations that have been fulfilled. • We selected a sample of fixed price contracts with customers accounted using percentage-of-completion method and performed the following: • Read the contract and based on the terms and conditions evaluated whether recognizing revenue over time was appropriate, and the contract was included in management's calculation of revenue over time. • Evaluated other information that supported the estimates of the progress towards satisfying the performance obligation. • Evaluated the appropriateness of and consistency in the application of management's policies and methodologies to estimate progress towards satisfying the performance obligation. • Compared efforts incurred with data from the timesheet application system. • Tested the estimate for consistency with the status of delivery of milestones and customer acceptances to identify possible delays in achieving milestones, which require changes in estimated efforts to complete the remaining performance obligations. • We assessed the adequacy of disclosures made in the financial statements with respect to revenue recognized during the year as required by applicable Indian Accounting Standards

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's annual report 2022-23, but does not include the standalone financial statements and our auditor's report thereon. The report is expected to be made available to us after the date of this auditor's report.

- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the ESOP trust is traced from their financial statements audited by the trust auditors.

- When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial 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 standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and the ESOP trust to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the standalone financial statements of which we are the independent auditors. For the other entities or business activities included in the standalone financial statements, which have been audited by the trust auditor, such trust auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of the ESOP trust included in the standalone financial statements of the Company whose financial statements reflect total assets of ₹ 30,190 lakhs as at March 31, 2023 and total revenue of ₹ Nil for the year ended on that date, as considered in the standalone financial statements. The financial statements of the ESOP trust these branches and joint operations have been audited by the trust auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches and joint operations and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid ESOP trust, is based solely on the report of such trust auditors.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the trust auditor on the separate financial statements of the ESOP, referred to in the Other Matters section above we report, to the extent applicable that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and the reports of the trust auditors.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account and with the financial statements received from the trust auditors.

    d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

f) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. Refer Note 40 of standalone financial statements

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. (a) The Management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of it's knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.

As stated in note 44 to the standalone financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No. 008072S

Vikas Bagaria
Partner
Membership No. 060408
UDIN: 23060408BGYGPA5268
Place: Bengaluru
Date: May 8, 2023

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(e) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Happiest Minds Technologies Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements of the Company and its joint operations companies incorporated in India (retain as applicable) based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements .

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

A company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to standalone financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No. 008072S

Vikas Bagaria
Partner
Membership No. 060408
UDIN: 23060408BGYGPA5268
Place: Bengaluru
Date: May 8, 2023

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of accounts and records examined by us in the normal course of audit, we state that:

i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) Some of the Property, Plant and Equipment and right-of-use assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the Property, Plant and Equipment and right-of-use assets at reasonable intervals having regard to the size of the Company and the nature of its activities.

According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) Based on our examination of the registered sale deed provided to us, we report that, the title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in (property, plant and equipment and capital work-in progress) are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right of use assets) or intangible assets, during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. (a) The Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising book debt statements, statements on ageing analysis of the debtors, and other stipulated financial information filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters.

iii. The Company has made investments in, companies, firms, Limited Liability Partnerships or any other parties during the year, in respect of which:

(a) The Company has provided loans, the details of which are given below:

(₹ in lakhs)

	Loans	Advances in nature of loans	Guarantees	Security
A. Aggregate amount granted / provided during the year:				
- Subsidiaries	-	-	-	-
- Loan to employees	60	-	-	-
B. Balance outstanding as at balance sheet date in respect of above cases:				
- Subsidiaries	2,465	-	-	-
- Loan to employees	64	-	-	-

(b) The investments made and the terms and conditions of the grant of all the above-mentioned loans provided, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(c) In respect of loans, the schedule of repayment of principal and payment of interest has been stipulated. No repayments of principal or interest was due in the current year.

(d) In respect of loans granted by the Company, there is no amount overdue for more than 90 days at the balance sheet date.

(e) None of the loans or advances in the nature of loans granted by the Company have fallen due during the year.

(f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.

iv. The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

vi. The maintenance of cost records has not been specified for the activities of the Company by the Central Government under section 148(1) of the Companies Act, 2013 for the business carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable.

vii. In our opinion, in respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) There were no cases where statutory dues referred to in sub-clause (a) have not been deposited on account of any dispute, hence, the clause is not applicable.

viii. There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

ix. (a) In our opinion, the company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.

(d) On an overall examination of the Financial Statements of the Company, funds raised on short term basis, have, prima facie, not been used during the year, for long term purposes by the Company.

(e) On an overall examination of the Financial Statements of the Company, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) The company has not raised loans during the year on the pledge of securities held in its subsidiaries.

x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence reporting under clause 3(x)(b) of the Order is not applicable.

xi. (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year (and up to the date of this report).

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto March 31, 2023, in determining the nature, timing and extent of our audit procedures.

xv. In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

(b) In our opinion, there is no core investment Company with the Group (as identified in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors of the Company during the year.

xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No. 008072S

Vikas Bagaria
Partner
Membership No. 060408
UDIN: 23060408BGYGPA5268
Place: Bengaluru
Date: May 8, 2023

Standalone Balance Sheet

as at March 31, 2023

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	As at March 31, 2023	As at March 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	3	13,111	77
Capital work-in-progress	3	185	-
Goodwill	4	611	611
Other intangible assets	4	394	271
Intangible assets under development	4	81	35
Right-of-use assets	5	5,786	5,389
Financial assets			
i. Investments	6	19,719	6,025
ii. Loans	7	2,465	2,274
iii. Other financial assets	8	9,349	1,827
Income tax assets (net)	9	1,196	679
Other assets	10	93	1
Deferred tax assets (net)	11	1,246	697
Total non-current assets		**54,236**	**17,886**
Current assets			
Financial assets			
i. Investments	12	-	46,400
ii. Trade receivables	13	19,885	16,127
iii. Cash and cash equivalents	14	5,966	5,601
iv. Bank balance other than cash and cash equivalents	15	61,441	10,071
v. Loans	7	64	4
vi. Other financial assets	8	11,901	8,955
Other assets	10	4,147	3,235
Total current assets		**1,03,404**	**90,393**
Total assets		**1,57,640**	**1,08,279**
Equity and liabilities			
Equity			
Equity share capital	16	2,866	2,854
Other equity	17	79,732	64,120
Total equity		**82,598**	**66,974**
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	19	11,278	1,724
ii. Lease liabilities	20	4,761	4,119
iii. Other financial liabilities	21	1,996	-
Provisions	22	2,179	1,858
Total non-current liabilities		**20,214**	**7,701**

Standalone Balance Sheet (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	As at March 31, 2023	As at March 31, 2022
Current liabilities			
Contract liabilities	23	759	972
Financial liabilities			
i. Borrowings	19	36,377	17,340
ii. Lease liabilities	20	1,859	1,792
iii. Trade payables	24		
(A) Total outstanding due of Micro enterprises and Small enterprises		83	79
(B) Total outstanding due of creditors other than Micro enterprises and Small enterprises		6,160	5,215
iv. Other financial liabilities	21	5,590	4,321
Other current liabilities	25	2,243	2,427
Provisions	22	1,757	1,458
Total current liabilities		**54,828**	**33,604**
Total liabilities		**75,042**	**41,305**
Total equity and liabilities		**1,57,640**	**1,08,279**
Summary of significant accounting policies	2		

The notes referred to above form an integral part of the Standalone Financial Statements.

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

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

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

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

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

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

Standalone Statement of Profit and Loss

for the year ended March 31, 2023

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Revenue from contract with customers	26	1,33,255	1,03,354
Other income	27	2,234	3,771
Total income		**1,35,489**	**1,07,125**
Expenses			
Employee benefits expense	28	78,690	61,210
Depreciation and amortisation	29	2,996	2,423
Finance costs	30	2,150	830
Other expenses	31	22,485	17,577
Total expenses		**1,06,321**	**82,040**
Profit before exceptional items and tax		**29,168**	**25,085**
Exceptional items		-	-
Profit before tax		**29,168**	**25,085**
Tax expense	32		
Current tax		7,889	6,004
Adjustment of tax relating to earlier periods		-	-
Deferred tax charge/ (credit)		(359)	433
		7,530	**6,437**
Profit for the year		**21,638**	**18,648**
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	36 (B)	(631)	(316)
Income tax effect	32	159	80
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**(472)**	**(236)**

Standalone Statement of Profit and Loss (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement losses on defined benefit plans	34	(125)	(97)
Income tax effect	32	31	24
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(94)**	**(73)**
Other comprehensive income for the year, net of tax		**(566)**	**(309)**
Total comprehensive income for the year		**21,072**	**18,339**
Earnings per equity share:	33		
Equity shares of par value ₹ 2/- each			
Basic, computed on the basis of profit for the year attributable to equity holders of the parent (₹)		15.11	13.21
Diluted, computed on the basis of profit for the year attributable to equity holders of the parent (₹)		15.00	12.91
Summary of significant accounting policies	**2**		

The notes referred to above form an integral part of the Standalone Financial Statements.

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

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

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

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

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

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

Standalone Statement of Cash Flows

for the year ended March 31, 2023

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Operating activities			
Profit before tax		**29,168**	**25,085**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation/ amortisation of property, plant and equipment, intangibles and right-of-use assets	29	2,996	2,423
(Gain)/ loss on disposal of property, plant and equipment, net	27	-	(10)
Share-based payment expense	28	120	300
Gain on investment carried at fair value through profit and loss	27	-	(1,377)
Gain on sale of investment carried at fair value through profit and loss	27	(803)	(368)
Interest income	27	(2,725)	(667)
Unrealised foreign exchange (gain)/ loss	27	1,209	354
Rent concession	27	(71)	(323)
Impairment loss on financial assets	31	-	33
Finance costs	30	2,150	830
Operating cash flow before working capital changes		**32,044**	**26,280**
Movements in working capital:			
Increase in trade receivables		(3,687)	(4,415)
Decrease in loans		(60)	10
Increase in non-financial assets		(1,004)	(1,484)
Increase in financial assets		(2,092)	(2,635)
Increase in trade payables		936	1,303
Increase/ (decrease) in financial liabilities		(650)	648
Increase in provisions		495	58
Increase/ (decrease) in contract liabilities		(213)	607
Increase in other non-financial liabilities		(184)	830
		25,585	**21,202**
Income tax paid, net of refunds		(8,406)	(5,275)
Net cash flows from operating activities **(A)**		**17,179**	**15,927**
Investing activities			
Purchase of property, plant and equipment	3	(13,096)	(67)
Purchase of intangible assets	4	(409)	(346)
Proceeds from sale of property, plant and equipment		-	10
Maturities of / (Investment in) bank deposit, net		(57,495)	(3,020)
Acquisition of subsidiary		(10,987)	-
Loan to subsidiary		-	(2,231)
Proceeds from sale of mutual funds		47,203	34,542
Investment in mutual funds		-	(40,049)
Interest received		440	84
Net cash flows used in investing activities **(B)**		**(34,344)**	**(11,077)**

Standalone Statement of Cash Flows (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Financing activities			
Repayment of long-term borrowings		(2,609)	(2,053)
Proceeds from long-term borrowings		12,383	-
Net proceeds from short-term borrowings		4,721	4,012
Proceeds from issue of redeemable non-convertible debentures		4,500	-
Loan from subsidiary		900	-
Payment of principal portion of lease liabilities		(2,004)	(1,702)
Payment of interest portion of lease liabilities		(544)	(487)
Dividend paid		(5,715)	(6,830)
Proceeds from exercise of share options		147	171
Interest paid		(1,533)	(328)
Net cash flows from/ (used) in financing activities **(C)**		**10,246**	**(7,217)**
Net decrease in cash and cash equivalents **[(A)+(B)+(C)]**		(6,919)	(2,367)
Net foreign exchange difference		165	16
Cash and cash equivalents at the beginning of the year		5,601	7,952
Cash and cash equivalents at the end of the year		**(1,153)**	**5,601**
Components of cash and cash equivalents	14		
Balance with banks			
- on current account		4,313	4,521
- in EEFC accounts		1,653	1,080
Less : Bank overdraft		(7,119)	-
Total cash and cash equivalents		**(1,153)**	**5,601**
Non-cash investing activities:			
Acquisition of subsidiary		2,707	-
Acquisition of Right-of-use assets	5	4,318	5,487
Refer note 19 and 20 for changes in liabilities arising from financing activities and for non-cash financing activities.			
Summary of significant accounting policies	2		

The notes referred to above form an integral part of the Standalone Financial Statements.

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

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

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

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

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

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

Standalone Statement of Changes in Equity

for the year ended March 31, 2023

(All amounts in ₹ lakhs, unless otherwise stated)

a) Equity Share Capital

For the year ended March 31, 2023	No of Shares	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid		
At April 1, 2022	**14,26,08,867**	**2,854**
Exercise of share options - refer note 16 (ii) (1)	5,79,688	12
As at March 31, 2023	**14,31,88,555**	**2,866**

For the year ended March 31, 2022	No of Shares	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid		
At April 1, 2021	**14,17,83,304**	**2,837**
Exercise of share options - refer note 16 (ii) (1)	8,25,563	17
As at March 31, 2022	**14,26,08,867**	**2,854**

c) Other Equity

For the year ended March 31, 2023	Reserves and Surplus			Cash flow hedge reserve (Note 17)	Total equity
	Securities premium (Note 17)	Share options outstanding reserve (Note 17)	Retained earnings (Note 17)		
As at April 1, 2022	**41,205**	**385**	**22,388**	**142**	**64,120**
Profit for the year	-	-	21,638	-	21,638
Other comprehensive income	-	-	(94)	(472)	(566)
Total comprehensive income	**-**	**-**	**21,544**	**(472)**	**21,072**
Exercise of share option by employees	135	-	-	-	135
Transaction costs, net of recovery or reimbursement of expense on issue of shares	-	-	-	-	-
Transferred to retained earnings for options forfeited	-	(23)	23	-	-
Transferred to securities premium for options exercised	216	(216)	-	-	-
Dividend - refer note 18	-	-	(5,715)	-	(5,715)
Share-based payments expense - refer note 41	-	120	-	-	120
As at March 31, 2023	**41,556**	**266**	**38,240**	**(330)**	**79,732**

Standalone Statement of Changes in Equity (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

For the year ended March 31, 2022	Reserves and Surplus			Cash flow hedge reserve (Note 17)	Total equity
	Securities premium (Note 17)	Share options outstanding reserve (Note 17)	Retained earnings (Note 17)		
As at April 1, 2021	**40,454**	**361**	**10,637**	**378**	**51,830**
Profit for the year	-	-	18,648	-	18,648
Other comprehensive income	-	-	(73)	(236)	(309)
Total comprehensive income	**-**	**-**	**18,575**	**(236)**	**18,339**
Exercise of share option by employees	154	-	-	-	154
Transaction costs, net of recovery or reimbursement of expense on issue of shares	327	-	-	-	327
Transferred to retained earnings for options forfeited	-	(6)	6	-	-
Transferred to securities premium for options exercised	270	(270)	-	-	-
Dividend - refer note 18	-	-	(6,830)		(6,830)
Share-based payments expense - refer note 41	-	300	-	-	300
As at March 31, 2022	**41,205**	**385**	**22,388**	**142**	**64,120**

Summary of significant accounting policies

The notes referred to above form an integral part of the Standalone Financial Statements.

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

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

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Date: May 08, 2023

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs, unless otherwise stated)

Corporate Information

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

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

The Company's Standalone Financial Statements for the year ended March 31, 2023 were approved by Board of Directors on May 8, 2023.

1 Basis of preparation of Standalone Financial Statements

a Statement of Compliance

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

This note provides a list of the 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 Statements have been prepared for the Company as a going concern on the basis of relevant Ind AS that are effective at the Company's annual reporting date, March 31, 2023.

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

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

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

c) Derivative financial instruments

d) Contingent consideration

b Functional Currency and Presentation Currency

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

c Use of Estimates and Judgements

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

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

Judgements:

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

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

Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March, 2023 is included in the following notes:

- Note 2 (e) - Impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;
- Note 2 (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 Standalone Financial Statements.

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

(All amounts in ₹ Lakhs, unless otherwise stated)

a Revenue Recognition

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

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

Rendering of Services

The Company applies judgement to determine whether each product or service promised to a customer is capable of being distinct, and is distinct in the context of the contract, if not, the promised product or service is combined and accounted as a single performance obligation.In determining the transaction price for rendering of services, the Company considers the effect of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customers if any. Revenue is recognised net of trade and cash discounts. The Company allocates the arrangement consideration to separately identifiable performance obligation deliverables based on their relative stand-alone selling price. In cases where the Company is unable to determine the stand-alone selling price, the Company uses expected cost-plus margin approach in estimating the stand-alone selling price. Volume discounts are recorded as a reduction of revenue. When the amount of discount varies with the levels of revenue, volume discount is recorded based on estimate of future revenue from the customer.

Revenues from services comprise primarily income from time-and-material and fixed price contracts. Revenue with respect to time-and-material contracts is recognised over the period of time as the related services are performed. Revenue with respect to fixed price contracts where performance obligation is transferred over time are recognized using the ""percentage of completion"" method. The Company uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, revenue recognized, profit and timing of revenue for remaining performance obligations are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable.. Provisions for estimated losses on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates.

Trade Receivables

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

Contract Balances

Contract assets: The Company classifies its right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. Revenues in excess of

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billings is recorded as unbilled revenue and is classified as a financial asset where the right to consideration is unconditional upon passage of time. Unbilled revenue which is conditional is classified as other current assets. Trade receivables and unbilled revenue is presented net of impairment.

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

Interest Income

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

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

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 measured at acquisition date fair value. Acquisition-related costs are expensed as incurred and included in other expenses.

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

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal Company's) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined 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 Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS - 109

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Financial Instruments, is measured at fair value with changes in fair value recognised in profit and loss in accordance with Ind AS - 109. If the contingent consideration is not within the scope of Ind AS - 109, it is measured in accordance with the appropriate Ind AS and shall be recognised in the Statement of Profit and Loss. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

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

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

c Property, Plant and Equipment

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

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

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

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

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

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

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

Class of asset	Useful life as per schedule II	Useful life as per Company
Furniture and fixtures	10 years	5 years
Office equipment	5 years	4 years
Buildings	60 years	50 years
Computer systems	6 years for servers 3 years for other than servers	2.5-3 years

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

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

d Intangible Assets

Goodwill

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

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

Other Intangible Assets

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

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

Amortisation Methods and Periods

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

Asset	Life in Years
Computer software	2.5-3 years

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

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

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

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

e Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows

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that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation surplus taken to other comprehensive income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

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

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

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

f Borrowing Cost

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

g Leases

The Company has lease contracts for various items of computers, vehicles and buildings used in its operations. Lease terms generally ranges between 1 and 5 years.

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

Company as Lessee

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

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Right-of-use Assets

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

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

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

Lease Liabilities

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

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

Short-term Leases and Leases of low-value Assets

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

Lease and Non-Lease Component

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

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

Extension and Termination Option

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

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h Investment in Subsidiary

The Company recognizes its investments in subsidiary and associate companies at cost less accumulated impairment loss, if any. Cost represents amount paid for acquisition of the said investments. The details of such investment 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 amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

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

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

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

Subsequent Measurement

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

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

Debt Instruments at Amortised Cost

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

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

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

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

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

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

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

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

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

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

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

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

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- 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, unbilled revenue and bank balance

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

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

- Trade receivables, unbilled revenue and contract assets

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

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

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

b) Financial Liabilities :

Initial Recognition and Measurement

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

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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 19.

Derecognition

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

d) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company 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 and Hedge Accounting:

Initial Recognition and Subsequent Measurement :

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

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

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

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

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

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

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

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

Cash Flow Hedges

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

j Fair Value Measurement

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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

k Cash and Cash Equivalents

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

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

l Foreign Currency Translation

(i) Functional and Presentation Currency:

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

ii) Transactions and Balances:

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

m Employee Benefits

Short-term Obligations

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

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

Other long-term Employee Benefit Obligations

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

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

Post-employment Obligations

The company operates the following post-employment schemes:

(a) defined benefit plans - gratuity, and

(b) defined contribution plans such as provident fund.

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

(All amounts in ₹ Lakhs, unless otherwise stated)

Gratuity obligations

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

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

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

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

Defined Contribution Plan

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

n Employee share based payments

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

Equity-settled Transactions:

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

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

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

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

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

o Taxation

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

Current Income Tax

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

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

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

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

Deferred Tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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

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

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

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

p Treasury Shares

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

No gain or loss is recognised in Statement of Profit and Loss on the issue or cancellation of the Company's own equity instruments.

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

Share options exercised during the reporting period are issued from treasury shares.

q Provisions and Contingent Liabilities

Provisions

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

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

Provision for Warranty

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

Contingent Liabilities

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

r Segment Reporting

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

The Company publishes standalone financial statements along with the consolidated financial statements. In accordance with Ind AS 108, Operating segments, the Company has disclosed the segment information in the consolidated financial statements. Accordingly, the segment information is given in the consolidated financial results of Happiest Minds Technologies Limited and its subsidiary for the year ended March 31, 2023.

s Earnings/(Loss) per Share

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

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

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

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

t Change in Accounting Policies and Disclosure

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

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The amendment had no impact on the Standalone Financial Statements of the Company.

u Standards notified but not yet effective:

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

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

(ii) Ind AS 1 - Presentation of Financial Statements

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

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

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

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

v Critical Estimates and Judgements

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

Significant Judgements and Estimates

(a) Defined Benefit Plans

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

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

(b) Impairment of Investment in Subsidiary

The Company has investment in subsidiary which have been tested for impairment as at the year end. Estimates involved in this assessment are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on these subsidiaries that are believed to be reasonable under the circumstances.

(c) Revenue Recognition

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

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

(d) Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit (CGUs) is less than its carrying amount. For the impairment test, goodwill is allocated to the CGU

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

(All amounts in ₹ Lakhs, unless otherwise stated)

or groups of CGUs which benefit from the synergies of the acquisition and which represent the lowest level at which goodwill is monitored for internal management purposes.The recoverable amount of CGUs is determined based on higher of value-in-use and fair value less cost to sell. Key assumptions in the cash flow projections are prepared based on current economic conditions and comprises estimated long term growth rates, weighted average cost of capital and estimated operating margins. Refer note 4.

(e) Deferred Taxes

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all the deductible temporary differences, however the same is restricted to the extent of the deferred tax liabilities unless it is probable that sufficient taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Refer note 11.

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

(All amounts in ₹ Lakhs, unless otherwise stated)

3 Property, Plant and Equipment

	Land	Building	Computer Systems	Office equipments	Furniture and fixtures	Leasehold improvements	Total	Capital work-in-progress
Cost or valuation								
As at April 1, 2021	-	-	247	134	25	46	452	14
Additions	-	-	45	11	-	11	67	-
Transfers from CWIP	-	-	-	-	-	14	14	(14)
Disposals	-	-	(27)	(1)	-	-	(28)	
As at March 31, 2022	**-**	**-**	**265**	**144**	**25**	**71**	**505**	**-**
Additions	4,423	8,354	164	121	43	159	13,264	185
Transfers from CWIP	-	-					-	-
Disposals	-	-	(48)	-	(1)		(49)	-
As at March 31, 2023	**4,423**	**8,354**	**381**	**265**	**67**	**230**	**13,720**	**185**
Accumulated depreciation								
As at April 1, 2021			219	98	25	43	385	-
Charge for the year	-	-	37	18	-	16	71	
Disposals	-	-	(27)	(1)	0	0	(28)	
As at March 31, 2022	**-**	**-**	**229**	**115**	**25**	**59**	**428**	**-**
Charge for the year	-	119	62	21	5	23	230	
Disposals	-	-	(48)	-	(1)		(49)	
As at March 31, 2023	**-**	**119**	**243**	**136**	**29**	**82**	**609**	**-**
Net book value								
As at March 31, 2022	**-**	**-**	**36**	**29**	**-**	**12**	**77**	**-**
As at March 31, 2023	**4,423**	**8,235**	**138**	**129**	**38**	**148**	**13,111**	**185**

Note:

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

Capital work-in-progress (CWIP) Ageing

As at March 31, 2023

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

There were no CWIP as at March 31, 2022.

4 Goodwill and Other Intangible Assets

i) Goodwill

	March 31, 2023	March 31, 2022
Cost or valuation		
Deemed cost		
As at April 01	2,498	2,498
As at March 31	**2,498**	**2,498**
Accumulated Impairment		
As at April 01	1,887	1,887
As at March 31	**1,887**	**1,887**
Net book value as at March 31	**611**	**611**

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

(All amounts in ₹ Lakhs, unless otherwise stated)

ii) Other Intangible Assets

	Other intangible assets				Intangible assets under development
	Customer relationships	Non-compete	Computer software	Total	
Cost or valuation					
As at April 1, 2021	**204**	**11**	**290**	**505**	**-**
Additions	-	-	311	311	35
Transfer from intangible assets under development	-	-	-	-	-
As at March 31, 2022	**204**	**11**	**601**	**816**	**35**
Additions	-	-	363	363	46
Transfer from intangible assets under development	-	-	-	-	-
As at March 31, 2023	**204**	**11**	**964**	**1,179**	**81**
Accumulated amortisation					
As at April 1, 2021	**204**	**11**	**225**	**440**	**-**
Charge for the year	-	-	105	105	-
As at March 31, 2022	**204**	**11**	**330**	**545**	**-**
Charge for the year	-	-	240	240	-
As at March 31, 2023	**204**	**11**	**570**	**785**	**-**
Net book value					
As at March 31, 2022	**-**	**-**	**271**	**271**	**35**
As at March 31, 2023	**-**	**-**	**394**	**394**	**81**

Intangible Assets under Development (IAUD) Ageing

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

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

Impairment of Goodwill

The Goodwill of ₹ 1,887 lakhs relates to business acquisition of OSS Cube Solutions Limited and ₹ 611 lakhs relates to the business acquisition of Cupola Technology Private Limited which has been allocated to OSS Cube and Internet of things (IoT) cash generating units (CGUs) respectively. Goodwill related to OSS cube is fully impaired.

Goodwill is tested for impairment on an annual basis by the Company. The recoverable value of the CGU is determined based on value-in-use calculation using the cash flow projections based on the financial budgets approved by the management covering a five year period.

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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

	IoT	
	March 31, 2023	**March 31, 2022**
Discount rate	22.89%	22.32%
Long term growth rate	4.00%	4.00%
Sales growth	10.00%	20.00%
Carrying value of goodwill	611	611

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

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

5 Right-of-use Assets

	Computer systems	Office equipment	Office buildings	Motor vehicles	Total
As at April 1, 2021	**833**	**-**	**1,305**	**11**	**2,149**
Additions	1,495	-	3,992	-	5,487
Depreciation	(750)	-	(1,492)	(5)	(2,247)
As at March 31, 2022	**1,578**	**-**	**3,805**	**6**	**5,389**
Additions	1,143	125	2,867	183	4,318
Disposals	-	-	(1,395)	-	(1,395)
Depreciation	(1,186)	(9)	(1,304)	(27)	(2,526)
As at March 31, 2023	**1,535**	**116**	**3,973**	**162**	**5,786**

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

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

	March 31, 2023	**March 31, 2022**
Rent concession income	71	323
	71	**323**
Interest expense on lease liabilities	544	487
Depreciation of Right-of-use assets	2,526	2,247
Rent expense pertaining to short- term leases	307	237
	3,377	**2,971**

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

(All amounts in ₹ Lakhs, unless otherwise stated)

6 Investments

Unquoted, Carried at Cost Less Impairment

	March 31, 2023	**March 31, 2022**
Investment in Subsidiary:		
Investment in Equity shares of Happiest Minds Inc. (formerly known as PGS Inc.)	6,025	6,025
1,00,000 (March 31, 2022 : 1,00,000) equity shares of face value of $1 each, fully paid		
Investment in Equity shares of Sri Mookambika Infosolutions Private Limited	13,694	-
10,000 (March 31, 2022 : Nil) equity shares of face value of ₹ 100 each, fully paid		
	19,719	6,025
Less: Impairment in value of investment	-	-
	19,719	**6,025**
Aggregate amount of quoted investment and market value thereof	-	-
Aggregate amount of unquoted investment	19,719	6,025
Aggregate amount of impairment in the value of investments	-	-

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

Name of entity	**Nature**	**Country of incorporation**	**Ownership interest held by Company in %**	
			March 31, 2023	**March 31, 2022**
Happiest Minds Inc. (formerly known as PGS Inc.)	Subsidiary	USA	100	100
Sri Mookambika Infosolutions Private Limited	Subsidiary	India	100	100

7 Loans

Carried at Amortised Cost

	March 31, 2023	**March 31, 2022**
Non-current		
Loans considered good - Unsecured		
Loans to Subsidiary - Refer note 38	2,465	2,274
	2,465	**2,274**
Current		
Loans considered good - Unsecured		
Loans to employees	64	4
	64	**4**

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

(All amounts in ₹ Lakhs, unless otherwise stated)

8 Other Financial Assets

		March 31, 2023	March 31, 2022
(a)	**Other financial assets carried at amortised cost**		
	(unsecured, considered good, unless otherwise stated)		
	Non-current		
	Fixed deposit with maturity of more than 12 months	7,131	1,113
	Margin money deposits - refer note (i) below	1,720	375
	Security deposit	498	339
		9,349	**1,827**
(i)	Margin money deposit is used to secure:		
	Term loan - Federal bank	952	370
	Guarantees given	768	5
	Current		
	Interest accrued on fixed deposit	900	26
	Unbilled revenue #	10,311	8,418
	Security deposit	186	389
	Interest accrued on loan to subsidiary - refer note 38	162	31
	Other receivables	44	11
		11,603	**8,875**
	Security deposit - credit impaired	1	1
	Less: Allowance for credit impaired loans	(1)	(1)
	Less: loss allowance on unbilled revenue	(231)	(169)
		11,372	**8,706**

Classified as financial asset as right to consideration is unconditional and is due only after a passage of time. Includes ₹ 71 (March 31, 2022 : ₹ 89) from related party. Refer note 38

		March 31, 2023	March 31, 2022
(b)	**Derivative instruments carried at fair value through OCI**		
	Cash flow hedges		
	Foreign currency forward contracts - refer note 36	166	249
	Cross currency interest rate swap - refer note 36	363	-
		529	**249**
Total other current financial assets		**11,901**	**8,955**

9 Income Tax Assets (Net)

	March 31, 2023	March 31, 2022
Non - current		
Income tax assets (net)	1,196	679
	1,196	**679**

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

(All amounts in ₹ Lakhs, unless otherwise stated)

10 Other Assets

	March 31, 2023	March 31, 2022
Non - current		
Prepaid expenses	93	1
	93	**1**
Current		
Prepaid expenses	1,698	982
Balances with statutory / government authorities	308	170
Advance to employees against expenses	160	58
Advance to suppliers	145	92
Other advances	407	100
Unbilled revenue #	1,462	1,870
	4,180	**3,272**
Less: loss allowance on unbilled revenue	(33)	(37)
	4,147	**3,235**

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

11 Deferred Tax Assets (Net)

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

	March 31, 2023	March 31, 2022
Deferred tax assets (net)	1,246	697
	1,246	**697**

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

	April 01, 2022	Recognised in profit or loss [charge/(credit)]	Recognised in Other comprehensive income [charge/(credit)]	March 31, 2023
Mutual funds	361	(361)	-	-
Goodwill	154	-	-	154
Property, plant and equipment and intangible assets	(61)	83	-	22
Derivative assets	48	-	(159)	(111)
Loss allowance on trade receivables	(307)	175	-	(132)
Lease liability and right-of-use assets	(132)	(80)	-	(212)
Provision for gratuity and leave encashment	(531)	(173)	(31)	(735)
Others	(229)	(3)	-	(232)
Deferred tax assets (net)	**(697)**	**(359)**	**(190)**	**(1,246)**

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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

	April 01, 2021	Recognised in profit or loss [charge/(credit)]	Recognised in Other comprehensive income [charge/(credit)]	March 31, 2022
Mutual funds	54	307	-	361
Goodwill	91	63	-	154
Derivative assets	128	-	(80)	48
Property, plant and equipment and intangible assets	(75)	14	-	(61)
Loss allowance on trade receivables	(318)	11	-	(307)
Lease liability and right-of-use assets	(125)	(7)	-	(132)
Provision for gratuity and leave encashment	(618)	111	(24)	(531)
Others	(163)	(66)	-	(229)
Deferred tax assets (net)	**(1,026)**	**433**	**(104)**	**(697)**

12 Investments

Carried at fair value through statement of profit and loss

	March 31, 2023 Units in lakhs	March 31, 2022 Units in lakhs	March 31, 2023 Amount	March 31, 2022 Amount
Current				
Aditya Birla - Money manager fund - Growth	-	3	-	803
Aditya Birla - Savings Fund - Growth	-	19	-	8,370
Axis - Banking and PSU debt fund - Growth	-	1	-	3,062
HDFC - Ultra short term fund - Growth	-	727	-	9,023
ICICI Prudential - Short term fund - Growth	-	72	-	3,679
ICICI Prudential - Ultra short term fund - Growth	-	367	-	8,785
IDFC - Banking and PSU debt fund - Growth	-	175	-	3,578
Kotak - Banking & PSU Debt fund - Growth	-	76	-	4,119
L&T - Banking & PSU Debt fund - Growth	-	194	-	4,087
Nippon - Banking and PSU debt fund - Growth	-	27	-	459
UTI - Ultra short term fund - Growth	-	*	-	435
			-	**46,400**

Note:

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

	March 31, 2023	March 31, 2022
Aggregate book value of quoted investments	-	46,400
Aggregate market value of quoted investments	-	46,400
Aggregate book value of unquoted investments	-	-
Aggregate market value of unquoted investments	-	-

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

(All amounts in ₹ Lakhs, unless otherwise stated)

13 Trade Receivables

Carried at amortised cost

	March 31, 2023	March 31, 2022
Current		
Trade receivables - others	18,063	14,521
Trade receivables - related party - refer note 38	1,822	1,606
Total trade receivables	**19,885**	**16,127**
Break-up for security details		
Unsecured, considered good	20,409	17,351
	20,409	**17,351**
Impairment allowance		
Unsecured, considered good	(524)	(1,224)
Trade receivables net of impairment	**19,885**	**16,127**

Trade receivables Ageing Schedule

As at March 31, 2023	Outstanding for the following periods from the due date of payment						Total
	Current but not due	Less than 6 months	6 months-1 years	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables - considered good	13,962	5,815	312	291	14	15	20,409
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Total	**13,962**	**5,815**	**312**	**291**	**14**	**15**	**20,409**
Less: Impairment allowance	-	-	-	-	-	-	(524)
Total							**19,885**

As at March 31, 2022	Outstanding for the following periods from the due date of payment						Total
	Current but not due	Less than 6 months	6 months-1 years	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables - considered good	12,788	3,625	385	337	93	123	17,351
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-

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

(All amounts in ₹ Lakhs, unless otherwise stated)

As at March 31, 2022	Outstanding for the following periods from the due date of payment						Total
	Current but not due	Less than 6 months	6 months-1 years	1-2 years	2-3 years	More than 3 years	
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Total	**12,788**	**3,625**	**385**	**337**	**93**	**123**	**17,351**
Less: Impairment allowance	-	-	-	-	-	-	(1,224)
Total							**16,127**

(i) No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except as disclosed in note 38.

(ii) Trade receivables are non-interest bearing and are generally on terms of 0 to 180 days.

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

(iv) For unbilled revenue refer note 8.

14 Cash and Cash Equivalents

	March 31, 2023	March 31, 2022
Balances with banks:		
- in current accounts	4,313	4,521
- in EEFC accounts	1,653	1,080
	5,966	**5,601**

15 Bank and Bank Balance other than Cash And Cash Equivalents

	March 31, 2023	March 31, 2022
Fixed deposit	45,432	9,092
Margin money deposits - refer note (i) below	15,997	972
Balances with bank in unpaid dividend account	12	7
	61,441	**10,071**
(i) Margin money deposit is used to secure:		
Working capital facility and bank overdrafts	15,200	200
Term loan - Federal bank	790	-
Guarantees given	7	772

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

(All amounts in ₹ Lakhs, unless otherwise stated)

16 Share Capital

Equity Share Capital

i) Authorised Share Capital

	Numbers	Amount
Equity share capital of ₹ 2 each		
As at April 1, 2021	**22,93,00,000**	**4,586**
Increase during the year	-	-
As at March 31, 2022	**22,93,00,000**	**4,586**
Increase during the year	-	-
As at March 31, 2023	**22,93,00,000**	**4,586**

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

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

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

(2) The outstanding equity shares as at April 01, 2021, March 31, 20222 and March 31, 2023 are presented net of treasury shares.

(iii) Terms/ Rights Attached to Equity Shares

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

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

(iv) Details of Shareholders Holding more than 5% shares in the Company:

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

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

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

(vi) Details of Shares Held by Promoters

As at March 31, 2023

	Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 2 each fully paid	Mr. Ashok Soota	6,00,68,668	6,725	6,00,75,393	41.96%	0.01%
Equity shares of ₹ 2 each fully paid	Ashok Soota Medical Research LLP	1,79,48,784	-	1,79,48,784	12.54%	0.00%

As at March 31, 2022

	Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 2 each fully paid	Mr. Ashok Soota	6,00,61,701	6,967	6,00,68,668	42.12%	0.01%
Equity shares of ₹ 2 each fully paid	Ashok Soota Medical Research LLP	1,79,48,784	-	1,79,48,784	12.59%	0.00%

(vii) Treasury Shares

	Numbers
As at April 1, 2021	**50,80,252**
Issue for cash on exercise of share options	(8,25,563)
As at March 31, 2022	**42,54,689**
Issue for cash on exercise of share options	(5,79,688)
As at March 31, 2023	**36,75,001**

For the terms/rights attached to treasury shares refer note 16 (iii) above

17 Other Equity

	March 31, 2023	March 31, 2022
Securities premium account	41,556	41,205
Retained earnings	38,240	22,388
Cash flow hedge reserve	(330)	142
Share options outstanding reserve	266	385
	79,732	**64,120**
a) Securities premium account		
Opening balance	41,205	40,454
Transaction costs, net of recovery or reimbursement of expense on issue of shares	-	327
Exercise of share option by employees	135	154
Transferred from ESOP reserve for options exercised	216	270
Closing balance	**41,556**	**41,205**

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

(All amounts in ₹ Lakhs, unless otherwise stated)

	March 31, 2023	March 31, 2022
b) Retained earnings		
Opening balance	22,388	10,637
Profit for the year	21,638	18,648
Other comprehensive income recognised directly in retained earnings	(94)	(73)
Dividend - refer note 18	(5,715)	(6,830)
Transferred from share option outstanding reserve for options forfeited	23	6
Closing balance	**38,240**	**22,388**
c) Cash flow hedge reserve		
Opening balance	142	378
Net movement on effective portion of cash flow hedges - refer note 36 (B)	(472)	(236)
Closing balance	**(330)**	**142**
d) Share options outstanding reserve		
Opening balance	385	361
Share based payment expense - refer note 42	120	300
Transferred to retained earnings for options forfeited	(23)	(6)
Transferred to securities premium for options exercised	(216)	(270)
Closing balance	**266**	**385**

(i) Nature and Purpose of Other Reserves

a) **Securities Premium Account :**

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

b) **Retained Earnings :**

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

c) **Cash Flow Hedge Reserve :**

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

d) **Share Options Outstanding Reserve :**

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

18 Distribution Made

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

19 Borrowings

Carried at Amortized cost

	March 31, 2023	March 31, 2022
Non current		
Secured		
Term loan from bank		
Foreign currency term loan - refer note (a) below	1,870	3,793
Rupee term loan - refer note (b) below	11,986	-
	13,856	**3,793**
Less: Current maturities of foreign currency term loan	(1,870)	(2,069)
Less: Current maturities of rupee term loan	(708)	-
Total non-current borrowings	**11,278**	**1,724**
Current		
Secured		
Loans from banks		
Foreign currency loan (PCFC) - refer note (d)	18,980	15,271
Bank overdraft - refer note (f) below	7,119	-
Unsecured		
Loans from banks		
Foreign currency loan (PCFC) - refer note (e)	2,300	-
Redeemable non-convertible debentures - refer note (c) below	4,500	-
Loan from subsidiary - refer note 38	900	-
Current maturities of term loans		
Foreign currency term loan from bank - refer note (a) below	1,870	2,069
Rupee term loan from bank - refer note (b) below	708	
Total current borrowings	**36,377**	**17,340**

Notes

(a) Foreign currency term loan of ₹ 6,025 lakhs (USD 8.25 million) from Federal bank carries a fixed interest rate of 3.2% per annum (March 31, 2022 : 3.2% per annum). The loan is repayable in 36 equal monthly instalments commencing from February 28, 2021 and will mature on Feb 28, 2024. The loan is secured by the way of exclusive charge on movable fixed assets of the Company (excluding leased asset charged to Hewlett Packard) and also by lien on fixed deposit equivalent to two months instalments plus interest (refer note 14). The loan was raised exclusively for funding the acquisition of Happiest Minds Inc. (formerly known as PGS Inc.).

(b) Rupee term loan of ₹ 12,430 lakhs from Federal bank carries an effective interest rate of 7.9% per annum (March 31, 2022 : Nil). The loan is repayable in 120 monthly installment commencing from August 15, 2022 and will mature on July 15, 2032. The proceeds from the loan was utilized for the acquisition of land and building at SJR Equinox in Bengaluru. The loan is secured by way of exclusive charge on such land and building together with all the fixed assets in the building and lien on fixed deposits equivalent to three months instalments plus interest (refer note 8).

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

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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

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

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

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

PCFC from RBL is secured by the way of lien on fixed deposit of ₹ 200 lakhs and by pari-passu charge on current assets of the Company. Refer note 15. All other PCFC are fully secured by the way of pari-passu charge on current assets of the Company.

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

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

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

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

	Non-current borrowings #	Current borrowings ##
As at April 01, 2021	5,658	10,972
Financing cash flows (net)	(2,053)	4,012
Non cash movements:		
Amortisation of transaction cost	15	-
Foreign exchange difference	173	287
As at March 31, 2022	**3,793**	**15,271**
Financing cash flows (net)	9,774	10,121
Non cash movements:		
Amortisation of transaction cost	18	-
Foreign exchange difference	271	1,288
As at March 31, 2023	**13,856**	**26,680**

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

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

20 Lease Liabilities

Carried at Amortised Cost

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

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

	March 31, 2023	March 31, 2022
Balance at beginning of the year	5,911	2,645
Additions	4,209	5,291
Finance cost incurred during the period - refer note 30	544	487
Disposal	(1,431)	-
Payment of lease liabilities	(2,548)	(2,189)
Rent concession - refer note 27	(71)	(323)
Exchange difference	6	-
Balance at the end of the year	**6,620**	**5,911**

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

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

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

21 Other Financial Liabilities

	March 31, 2023	March 31, 2022
Non-current		
Carried at fair value through profit or loss		
Contingent consideration - refer note 35 (iv) and 35 (v)	1,292	-
	1,292	**-**
Carried at fair value through other comprehensive income		
Cash flow hedges		
Cross currency interest rate swap - refer note 36 (B)	704	-
	704	**-**
Total non - current financial liabilities	**1,996**	**-**

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

(All amounts in ₹ Lakhs, unless otherwise stated)

	March 31, 2023	March 31, 2022
Current		
Carried at amortised cost		
Employee related liabilities	3,598	4,254
Unpaid dividend	13	7
Capital creditors	386	-
Accrued interest payable#	10	-
	4,007	**4,261**
Carried at fair value through profit or loss		
Contingent consideration - refer note 35 (iv) and 35 (v)	1,316	-
	1,316	**-**
Carried at fair value through other comprehensive income		
Cash flow hedges		
Foreign currency forward contracts - refer note 36 (B)	267	60
	267	**60**
Total other current financial liabilities	**5,590**	**4,321**

Includes ₹ 4 lakhs payable to related party. Refer note 38.

22 Provisions

	March 31, 2023	March 31, 2022
Non-current		
Provision for gratuity - refer note 34	2,179	1,858
	2,179	**1,858**
Current		
Provision for compensated absences	1,728	1,432
Other provisions		
Provision for warranty	29	26
	1,757	**1,458**

Movement during the year - Provision for warranty	
Balance as at April 01, 2021	**25**
Arising during the year	1
Utilised/ reversed during the year	-
Balance as at March 31, 2022	**26**
Arising during the year	-
Utilised/ reversed during the year	-
Exchange (gain)/ loss	3
Balance as at March 31, 2023	**29**

23 Contract Liabilities

	March 31, 2023	March 31, 2022
Unearned revenue - refer note (i) below	759	972
	759	**972**

(i) The Company has rendered the service and have recognised the revenue of ₹ 972 lakhs (March 31, 2022: ₹ 354 lakhs) during the year from the unearned revenue balance at the beginning of the year.

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

(All amounts in ₹ Lakhs, unless otherwise stated)

24 Trade Payables

Carried at amortised cost

	March 31, 2023	March 31, 2022
Total outstanding dues of Micro enterprises and Small enterprises - refer note (iii) below	83	79
Total outstanding dues of creditors other than Micro enterprises and Small enterprises	6,160	5,215
	6,243	**5,294**

Trade payables Ageing Schedule

As at March 31, 2023	Outstanding for the following periods from the due date of payment				Total
	Less than 1 years	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	83	-	-	-	83
Total outstanding dues of creditors other than micro enterprises and small enterprises	758	-	12	-	770
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Provision for expenses	-	-	-	-	5,390
	841	**-**	**12**	**-**	**6,243**

As at March 31, 2022	Outstanding for the following periods from the due date of payment				Total
	Less than 1 years	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	79	-	-	-	79
Total outstanding dues of creditors other than micro enterprises and small enterprises	802	13	1	20	836
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Provision for expenses	-	-	-	-	4,379
	881	**13**	**1**	**20**	**5,294**

Terms and conditions of above trade payables:

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

(ii) For explanation of company's liquidity risk - refer note 36 (D)

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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

Particulars	March 31, 2023	March 31, 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
Principal amount due to micro and small enterprises	83	79
Interest due on the above	3	-
(i) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(ii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(iii) The amount of interest accrued and remaining unpaid at the end of each accounting year	3	-
(iv) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	3	-

25 Other Liabilities

	March 31, 2023	March 31, 2022
Current		
Statutory dues payable	2,118	2,223
Other payables	125	204
	2,243	**2,427**

26 Revenue from Contract with Customers

	For the year ended	
	March 31, 2023	March 31, 2022
Sale of service	1,32,931	1,03,303
Sale of licenses (net)	324	51
	1,33,255	**1,03,354**

26.1 Disaggregated Revenue Information

Segment	For the year ended March 31, 2023			
	Infrastructure Management & Security Services	Digital Business Services	Product Engineering Services	Total
Revenue from contract with customers	30,183	35,961	67,111	1,33,255
Total revenue from contracts with customers	**30,183**	**35,961**	**67,111**	**1,33,255**
India	10,941	4,927	7,168	23,036
Outside India	19,242	31,034	59,943	1,10,219
Total revenue from contracts with customers	**30,183**	**35,961**	**67,111**	**1,33,255**
Timing of revenue recognition				
Licenses transferred at a point in time	316	1	7	324
Fixed price project - services transferred over time	13,712	15,431	3,940	33,083
Time and material - services transferred over time	16,155	20,529	63,164	99,848
Total revenue from contracts with customers	**30,183**	**35,961**	**67,111**	**1,33,255**

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

(All amounts in ₹ Lakhs, unless otherwise stated)

Segment	For the year ended March 31, 2022			
	Infrastructure Management & Security Services	Digital Business Services	Product Engineering Services	Total
Revenue from contract with customers	24,046	26,998	52,310	1,03,354
Total revenue from contracts with customers	**24,046**	**26,998**	**52,310**	**1,03,354**
India	8,821	4,185	3,674	16,680
Outside India	15,225	22,813	48,636	86,674
Total revenue from contracts with customers	**24,046**	**26,998**	**52,310**	**1,03,354**
Timing of revenue recognition				
Licenses transferred at a point in time	22	28	-	50
Fixed price project - services transferred over time	11,355	11,451	3,906	26,712
Time and material - services transferred over time	12,669	15,519	48,404	76,592
Total revenue from contracts with customers	**24,046**	**26,998**	**52,310**	**1,03,354**

26.2 Contract Balances

	For the year ended	
	March 31, 2023	March 31, 2022
Trade receivables	19,885	16,127
Unbilled revenue	10,080	8,249
Contract assets	1,429	1,833
Contract liability	759	972

26.3 Reconciling the Amount of Revenue recognised in the Statement of Profit and Loss with the contracted price

	For the year ended	
	March 31, 2023	March 31, 2022
Revenue as per contract price	1,33,723	1,04,000
Discount	(468)	(646)
Revenue from contract with customers	**1,33,255**	**1,03,354**

The Company has applied practical expedient as given in Ind AS 115 for not disclosing the remaining performance obligation for contracts that have original expected duration of one year or lesser. The Company has fixed price contracts for a period of more than one year, the remaining performance obligation for these contracts is ₹ 4,953 lakhs (March 31, 2022: ₹ 8,488 lakhs). The revenue for remaining performance obligation is expected to be recognised over period of 1-3 years (March 31, 2022: 1-3 years).

27 Other Income

	For the year ended	
	March 31, 2023	March 31, 2022
Interest income on:		
Deposits with bank	2,557	507
Loan to subsidiary - refer note 38	126	31
Income tax refund	-	46
Financial instrument measured at amortised cost	42	83
	2,725	**667**

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

(All amounts in ₹ Lakhs, unless otherwise stated)

	For the year ended	
	March 31, 2023	March 31, 2022
Fair value gain on investment measured at FVTPL	-	1,377
Gain on sale of investments measured at FVTPL	803	368
Exchange gain/ (loss)	(1,423)	788
Gain on property, plant and equipment sold / scrapped, net	-	10
Rent concession - refer note (i) below	71	323
Insurance claim - refer note (iii) below	-	200
Miscellaneous income	58	38
	(491)	**3,104**
	2,234	**3,771**

(i) During the year ended March 31, 2023 and March 31, 2022, there is a rent concession allowed as a direct consequence of the Covid-19 pandemic. Rent concession has resulted in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change. Reduction in lease payments affect only payments originally due on or before the June 30, 2022 (revised from earlier period of June 30,2021) and there is no substantive change to other terms and conditions of the lease. As a practical expedient, the Company has elected not to assess rent concession as a lease modification. The Company has accounted the change in lease payments resulting from rent concession in the same way as it would account for the change under Ind AS 116, if the change were not a lease modification.

(ii) An American national and an ex-employee on September 9, 2019 had filed a class-action complaint against the Parent Company before the United States District Court, Northern District of California, San Jose Division, alleging that the Parent Company engaged in discriminatory employment practices. During the adjudication process, the Court felt that the matter could be resolved through mediation and directed the parties to go in for an mediation/ settlement. The parties concluded a settlement of ₹ 200 lakhs during year ended March 2021. During the year ended March 31, 2022, the Company received reimbursements from the insurance company covering settlement and related expenses amounting to ₹ 200 lakhs which has been presented under 'Other Income'.

28 Employee Benefits Expense

	For the year ended	
	March 31, 2023	March 31, 2022
Salaries, wages and bonus	73,043	56,841
Contribution to provident and other funds	3,738	2,808
Employee stock compensation expense - refer note 41	120	300
Gratuity expense - refer note 34	552	518
Compensated absences	835	607
Staff welfare expenses	402	136
	78,690	**61,210**

29 Depreciation and Amortisation Expense

	For the year ended	
	March 31, 2023	March 31, 2022
Depreciation of property, plant and equipment - refer note 3	230	71
Amortisation of intangible assets - refer note 4	240	105
Depreciation of right-of-use assets - refer note 5	2,526	2,247
	2,996	**2,423**

Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Lakhs, unless otherwise stated)

30 Finance Costs

	For the year ended	
	March 31, 2023	March 31, 2022
Interest expense on:		
Borrowings	1,547	343
Non convertible debenture	10	-
Loan from Subsidiary - refer note 38	4	-
Lease liabilities- refer note 20	544	487
Unwinding of interest in contingent consideration - refer note 35	45	-
	2,150	**830**

31 Other Expenses

	For the year ended	
	March 31, 2023	March 31, 2022
Power and fuel	435	204
Subcontractor charges	11,645	10,754
Repairs and maintenance		
- Buildings	185	107
- Equipments	45	24
- Others	353	245
Rent expenses - refer note (ii) below	307	237
Advertising and business promotion expenses	385	111
Commission	34	99
Communication costs	227	271
Insurance	106	48
Legal and professional fees	525	458
Audit fees - refer note (i) below	88	67
Software license cost	3,838	2,150
Rates and taxes	43	96
Recruitment charges	908	881
Sitting fees to non-executive directors - refer note 38	43	54
Commission to non-executive directors - refer note 38	37	26
Corporate social responsibility ('CSR') expenditure - refer note 39	333	215
Impairment loss allowance on trade receivables	(58)	-41
Impairment loss allowance on unbilled revenue	58	74
Travelling and conveyance	2,352	892
Postage and courier	85	94
Training expense	379	248
Miscellaneous expenses	132	263
	22,485	**17,577**

Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Lakhs, unless otherwise stated)

(i) Payment to auditors:

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

32 Income Tax Expense

	For the year ended	
	March 31, 2023	March 31, 2022
a) Statement of profit or loss		
Current tax	7,889	6,004
Deferred tax credit	(359)	433
Income tax expense	**7,530**	**6,437**
b) Statement of other comprehensive income		
On net movement on effective portion of cash flow hedges	159	80
On re-measurement losses on defined benefit plans	31	24
	190	**104**
Reconciliation of tax expense and tax based on accounting profit:		
Profit before income tax expense	29,168	25,085
Tax at the Indian tax rate of 25.17% (March 31, 2022: 25.17%)	7,342	6,314
Tax effect of:		
Expenses not deductible	95	54
Others	93	69
Income tax expense	**7,530**	**6,437**

33 Earnings per Share ['EPS']

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

	For the year ended	
	March 31, 2023	March 31, 2022
Profit after tax attributable to equity holders of the Company (a) (₹ in lakhs)	21,638	18,648
Weighted average number of shares outstanding during the year for basic EPS (b)	14,31,81,324	14,11,64,508
Weighted average number of shares outstanding during the year for diluted EPS (c)	14,42,60,047	14,44,10,568
Basic earnings per share (in ₹) (a/b)	15.11	13.21
Diluted earnings per share (in ₹) (a/c)	15.00	12.91
Equity share reconciliation for EPS		
Equity share outstanding	14,31,81,324	14,11,64,508
Total considered for basic EPS	**14,31,81,324**	**14,11,64,508**
Add: ESOP options	10,78,723	32,46,060
Total considered for diluted EPS	**14,42,60,047**	**14,44,10,568**

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

(All amounts in ₹ Lakhs, unless otherwise stated)

34 Employee benefits plan

(i) Defined contribution plans - Provident Fund and others

The Company makes contributions for qualifying employees to Provident Fund and other defined contribution plans. During the year, the Company recognised ₹ 3,738 lakhs (March 31, 2022 : ₹ 2,808 lakhs) towards defined contribution plans.

(ii) Defined Benefit Plans (Funded):

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

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

Interest risk	A decrease in the bond interest rate will increase the plan liability.
Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities and other debt instruments.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.
Longevity risk	Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.
Concentration risk	Plan is having a concentration risk as all the assets are invested with the insurance company.

	March 31, 2023	March 31, 2022
Current	-	-
Non-current	2,179	1,858
	2,179	**1,858**

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

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

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 1, 2022	**2,430**	**572**	**1,858**
Current service cost	446	-	446
Net interest expense	138	32	106
Total amount recognised in statement of profit and loss	**584**	**32**	**552**
Benefits paid	(246)	(246)	-
Remeasurement			
Return on plan assets	-	(5)	5
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	(155)	-	(155)
Experience adjustments	274	-	274
Total amount recognised in other comprehensive income	**119**	**(5)**	**124**
Contributions by employer	-	355	(355)
As at March 31, 2023	**2,887**	**708**	**2,179**

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

(All amounts in ₹ Lakhs, unless otherwise stated)

Changes in the defined benefit obligation and fair value of plan assets for the year ended March 31, 2022:

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

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

	March 31, 2023	March 31, 2022
Insurance fund	708	572
Total	**708**	**572**

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

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

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

	Sensitivity Level	March 31, 2023		March 31, 2022	
		Defined benefit obligation on increase/decrease in assumptions			
		Increase	Decrease	Increase	Decrease
Discount rate	1% increase / decrease	(86)	93	(76)	83
Future salary increase	1% increase / decrease	90	(86)	79	(75)
Attrition rate	1% increase / decrease	(19)	19	(20)	21

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

Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Lakhs, unless otherwise stated)

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

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

	March 31, 2023	March 31, 2022
Within the next 12 months	610	511
Between 2 and 5 years	1736	1,381
Between 6 and 10 years	983	760
Beyond 10 years	443	351

35 Fair Value Measurement

i) The Carrying Value of Financial Assets by Categories is as follows:

	March 31, 2023	March 31, 2022
Measured at fair value through other comprehensive income (FVOCI)		
Foreign currency forward contracts	166	249
Cross currency interest rate swap	363	-
Total financial assets measured at FVOCI	**529**	**249**
Measured at fair value through statement of profit and loss (FVTPL)		
Investment in mutual funds	-	46,400
Total financial assets measured at FVTPL	**-**	**46,400**
Measured at amortised cost		
Investment in subsidiary	19,719	6,025
Security deposits	684	728
Loans to employees	64	4
Loans to related parties	2,465	2,274
Other financial assets	20,037	9,805
Trade receivables	19,885	16,127
Bank and bank balance other than cash and cash equivalents	61,441	10,071
Cash and cash equivalents	5,966	5,601
Total financial assets measured at amortised cost	**1,30,261**	**50,635**
Total financial assets	**1,30,790**	**97,284**

ii) The Carrying Value of Financial Liabilities by Categories is as follows:

	March 31, 2023	March 31, 2022
Measured at fair value through statement of profit and loss (FVTPL)		
Contingent consideration	2,608	-
Total financial liabilities measured at FVTPL	**2,608**	**-**
Measured at fair value through other comprehensive income (FVOCI)		
Foreign currency forward contracts	267	60
Cross currency interest rate swap	704	-
Total financial liabilities measured at FVOCI	**971**	**60**
Measured at amortised cost		
Foreign currency term loan	13,856	3,793
Redeemable non-convertible debentures	4,500	-
Foreign currency loan (PCFC)	21,280	15,271
Loan from subsidiary	900	-
Bank Overdraft	7,119	-
Lease liabilities	6,620	5,911
Trade payables	6,243	5,294
Other financial liabilities	4,007	4,261
Total financial liabilities measured at amortised cost	**64,525**	**34,530**
Total financial liabilities	**68,104**	**34,590**

Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Lakhs, unless otherwise stated)

iii) Fair Value Hierarchy

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

	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
	March 31, 2023			
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	166	-	166
Cross currency interest rate swap	-	363	-	363
Measured at fair value through statement of profit and loss (FVTPL)				
Investment in mutual funds	-	-	-	-
Total financial asset measured at fair value	**-**	**529**	**-**	**529**
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	267	-	267
Cross currency interest rate swap	-	704	-	704
Measured at fair value through statement of profit and loss (FVTPL)				
Contingent consideration	-	-	2,608	2,608
Total financial liabilities measured at Fair value	**-**	**971**	**2,608**	**3,579**

	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
	March 31, 2022			
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	249	-	249
Measured at fair value through statement of profit and loss (FVTPL)				
Investment in mutual funds	46,400	-	-	46,400
Total financial asset measured at fair value	**46,400**	**249**	**-**	**46,649**

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

(All amounts in ₹ Lakhs, unless otherwise stated)

	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
	March 31, 2022			
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	60	-	60
Total financial liabilities measured at Fair value	**-**	**60**	**-**	**60**

Notes:

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

a) The fair value of liquid mutual funds is based on the net assets value (NAV) as declared by the fund house.

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

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

d) The Company has valued contingent consideration by using the monte carlo simulation approach.

e) The fair value of remaining financial instruments are determined on transaction date based on discounted cash flows calculated using lending/ borrowing rate. Subsequently, these are carried at amortized cost. The carrying amount of the remaining financial instruments are the reasonable approximation of their fair value.

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

iv) Valuation Inputs and Relationship to Fair Value

	Level 3 inputs	Weighted range	Sensitivity
	March 31, 2023		
Contingent consideration	Standard deviation on revenue and EBIDTA growth	5%	Increase and decrease in standard deviation by 1% would decrease contingent consideration by ₹ 97 lakhs and increase contingent consideration by ₹ 9 lakhs respectively.
	Discount rate	7.34%	Increase and decrease in discount rate by 1% would decrease contingent consideration by ₹ 36 lakhs and increase contingent consideration by ₹ 35 lakhs respectively.

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

(All amounts in ₹ Lakhs, unless otherwise stated)

v) Reconciliation of Contingent Consideration Measured at FVTPL

	March 31, 2023	March 31, 2022
As at April 1	-	-
Acquisition of subsidiary	2,563	-
Amount recognised in profit and loss statement - refer note 30	45	-
Settlement during the year	-	-
As at March 31	**2,608**	**-**

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

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

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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

Currency	Particulars	March 31, 2023		March 31, 2022	
		FC	₹	FC	₹
USD	**Financial assets**				
	Trade receivables	183	14,997	142	10,796
	Loans	32	2,627	30	2,277
	Other financial assets	106	8,683	87	6,602
	Bank accounts	39	3,198	46	3,506
	Net exposure on foreign currency risk (assets)	**360**	**29,505**	**305**	**23,181**
	Financial liability				
	Borrowings	282	23,163	252	19,092
	Trade payables	30	2,479	7	530
	Other financial liabilities	6	502	20	1,553
	Other liabilities	5	378	9	667
	Net exposure on foreign currency risk (liabilities)	**323**	**26,522**	**288**	**21,842**
	Net exposure on foreign currency risk (assets-liabilities)	**37**	**2,983**	**17**	**1,339**

Currency	Particulars	March 31, 2023		March 31, 2022	
		FC	₹	FC	₹
EURO	**Financial assets**				
	Trade receivables	10	859	7	627
	Other financial assets	7	588	6	543
	Bank accounts	5	468	10	838
	Other assets	*	3		
	Net exposure on foreign currency risk (assets)	**22**	**1,918**	**23**	**2,008**
	Financial liability				
	Trade payables	*	*	1	52
	Other liabilities	1	63	*	13
	Net exposure on foreign currency risk (liabilities)	**1**	**63**	**1**	**65**
	Net exposure on foreign currency risk (assets-liabilities)	**21**	**1,855**	**22**	**1,943**
GBP	**Financial assets**				
	Trade receivables	6	598	6	568
	Loans	-	-	*	7
	Other financial assets	3	354	5	452
	Bank accounts	2	208	4	422
	Other assets	*	16	-	-
	Net exposure on foreign currency risk (assets)	**11**	**1,176**	**15**	**1,449**
	Financial liability				
	Trade payables	2	162	-	-
	Other financial liabilities	2	212	4	360
	Other liabilities	1	112	1	121
	Net exposure on foreign currency risk (liabilities)	**5**	**486**	**5**	**481**
	Net exposure on foreign currency risk (assets-liabilities)	**6**	**690**	**10**	**968**

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

* Represents number below rounding off norms of the Company.

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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

	Impact on profit before tax	
	March 31, 2023	March 31, 2022
USD sensitivity		
₹/ USD increases by 5%	149	67
₹/ USD decreases by 5%	(149)	(67)
EURO sensitivity		
₹/ EURO increases by 5%	93	97
₹/ EURO decreases by 5%	(93)	(97)
GBP sensitivity		
₹/ GBP increases by 5%	35	48
₹/ GBP decreases by 5%	(35)	(48)

* Sensitivity is calculated holding all other variables constant

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

ii. Interest Rate Risk

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

Sensitivity:

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

iii. Price Risk

The Company is not exposed to Price risk as at March 31, 2023. During the year ended March 31, 2022, the company exposure to price risk arises for investment in mutual funds held by the company. To manage its price risk arising from investments in mutual funds, the Company diversified its portfolio.

Sensitivity:

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

	Impact on profit before tax	
	March 31, 2023	March 31, 2022
NAV increases by 5%	-	2,320
NAV decreases by 5%	-	(2,320)

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

(All amounts in ₹ Lakhs, unless otherwise stated)

B) Impact of Hedge activities

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

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

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

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

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

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

	Foreign currency forward contracts	Cross currency interest rate swaps	Total
Balance as at April 01, 2021	**378**	**-**	**378**
Hedge gain/(loss) recognised in OCI	189	-	189
Amount reclassified from OCI to statement of profit and loss	(505)	-	(505)
Income tax effect	80	-	80
Balance as at March 31, 2022	**142**	**-**	**142**
Hedge gain/(loss) recognised in OCI	(101)	(341)	(442)
Amount reclassified from OCI to statement of profit and loss	(189)	-	(189)
Income tax effect	73	86	159
Balance as at March 31, 2023	**(75)**	**(255)**	**(330)**

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

C) Credit Risk

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

Revenue from one customer comprises around 14% of the total revenue of the Company. The remaining revenue of the Company is spread across wide range of customers. For receivables turnover ratio, refer note 42.

(i) Trade Receivables, Unbilled Revenue and Contract Assets.

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

	Not due	1-180 days	181-365 days	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2023							
Trade receivables	13,962	5,815	312	291	14	15	**20,409**
Unbilled receivables							**11,773**
Allowance for expected credit loss							**(788)**
Net Trade receivables	**13,962**	**5,815**	**312**	**291**	**14**	**15**	**31,394**
As at March 31, 2022							
Trade receivables	12,788	3,625	385	337	93	123	17,351
Unbilled receivables							10,288
Allowance for expected credit loss							(1,430)
Total	**12,788**	**3,625**	**385**	**337**	**93**	**123**	**26,209**

Reconciliation of loss allowance - trade receivables	March 31, 2023	March 31, 2022
Opening balance as at April, 1	(1,224)	(1,265)
Allowance made during the year (net) - refer note 31	58	41
Utilised during the year	656	-
Exchange gain/ (loss)	(14)	-
Closing balance as at March, 31	**(524)**	**(1,224)**

Reconciliation of loss allowance - unbilled revenue and other financial assets	March 31, 2023	March 31, 2022
Opening balance as at April, 1	(207)	(133)
Allowance made during the year - refer note 31	(58)	(74)
Closing balance as at March, 31	**(265)**	**(207)**

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

(All amounts in ₹ Lakhs, unless otherwise stated)

Other Financial Assets and Cash Deposit

Credit risk from balances with the banks, loans, investments in mutual funds and other financial assets are managed by the company based on the company policy and is managed by the Company's Treasury Team. Investment of surplus fund is made only with approved counterparties. The Company's maximum exposure to credit risk is the carrying amount of such assets as disclosed in note 37 above.

D) Liquidity Risk

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

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

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

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

	On demand	Less than 1 year	More than 1 year	Total
As at March 31, 2023				
Borrowings (including current maturities)	7,119	29,271	11,322	47,712
Lease liabilities	-	2,364	5,374	7,738
Trade payables	-	6,243	-	6,243
Contingent consideration	-	1,394	1,471	2,865
Foreign currency forward contracts	-	267	704	971
Other current financial liabilities #	-	5,588	4,294	9,882
	7,119	**45,127**	**23,165**	**75,411**
As at March 31, 2022				
Borrowings (including current maturities)	-	17,355	1,737	19,092
Lease liabilities	-	2,264	4,769	7,033
Trade payables	-	5,294	-	5,294
Foreign currency forward contracts	-	60	-	60
Other current financial liabilities #	-	4,385	26	4,411
	-	**29,358**	**6,532**	**35,890**

Includes future interest payable on outstanding borrowings

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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:

	March 31, 2023	March 31, 2022
Borrowings (including current maturities)	47,655	19,064
Less : Cash and cash equivalents	(5,966)	(5,601)
Net (cash and cash equivalents)/debt (A)	**41,689**	**13,463**
Equity	82,598	66,974
Total equity capital (B)	**82,598**	**66,974**
Total debt and equity (C)=(A)+(B)	**1,24,287**	**80,437**
Gearing ratio (A)/(C)	**34%**	**17%**

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

38 Related Party Disclosure

(i) List of related parties and relationship

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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

		March 31, 2023	March 31, 2022
(i)	**Sale of service**		
	Happiest Minds Inc.	4,890	3,634
	SKAN Research Trust	296	7
	Ashok Soota Medical Research LLP	42	5
	Happiest Health Systems Private Limited	811	68
(ii)	**Director's sitting fees:**		
	Mrs. Anita Ramachandran	16	22
	Mr. Rajendra Kumar Srivastava	9	11
	Mrs. Shuba Rao Mayya	18	21
(iii)	**Commission to directors**		
	Mrs. Anita Ramachandran	9	3
	Mr. Rajendra Kumar Srivastava	21	19
	Mrs. Shuba Rao Mayya	7	4
(iv)	**Contribution made to post employee benefit plan:**		
	Happiest Minds Technologies Ltd. Employees group gratuity trust	355	650
(v)	**Loans given**		
	Happiest Minds Inc.	-	2,231
(vi)	**Loans taken**		
	Sri Mookambika Infosolutions Private Limited	900	-
(vii)	**Interest income on Loans given**		
	Happiest Minds Inc.	126	31
(vii)	**Interest expense on Loans taken**		
	Sri Mookambika Infosolutions Private Limited	4	-
viii)	**Managerial remuneration# :**		
	Mr. Venkatraman Narayanan		
	Salary, wages and bonus	134	120
	Employee stock compensation expense	3	5
	Mr. Ashok Soota		
	Salary, wages and bonus	128	115
	Mr. Praveen Darshankar		
	Salary, wages and bonus	55	46
	Employee stock compensation expense	*	1
	Mr. Joseph Vinod Anantharaju		
	Salary, wages and bonus	389	330
	Employee stock compensation expense	4	8
ix)	**Reimbursement of expenses received:**		
	SKAN Research Trust	*	3
	Happiest Health Systems Private Limited	*	3
x)	**Dividend paid**		
	Mr. Joseph Vinod Anantharaju	17	20
	Mr. Ashok Soota	2,403	2,853
	Mr. Venkatraman Narayanan	20	24
	Ashok Soota Medical Research LLP	718	853
	Deepak Soota	2	2
	Suresh Soota	1	1
	Kunku Soota	1	2
	Usha Samuel	3	4
	Jayalakshmi Venkatraman	5	16
	Praveen Kumar Darshankar	2	3

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

* amount below rounding off norm of the Company.

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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

		March 31, 2023	March 31, 2022
(i)	**Trade receivables:**		
	Happiest Minds Inc.	1,554	1,600
	SKAN Research Trust	162	6
	Happiest Health Systems Private Limited	101	-
	Ashok Soota Medical Research LLP	5	-
(ii)	**Unbilled receivables:**		
	Happiest Minds Inc.	-	22
	SKAN Research Trust	*	-
	Ashok Soota Medical Research LLP	26	-
	Happiest Health Systems Private Limited	45	67
(iii)	**Loans given**		
	Happiest Minds Inc.	2,465	2,274
(iv)	**Loans taken**		
	Sri Mookambika Infosolutions Private Limited	900	-
(v)	**Accrued interest on Loans given**		
	Happiest Minds Inc.	162	31
(vi)	**Accrued interest on Loans taken**		
	Sri Mookambika Infosolutions Private Limited	4	-
(vii)	**Trade payables**		
	Mrs. Anita Ramachandran	9	3
	Mr. Rajendra Kumar Srivastava	21	19
	Mrs. Shuba Rao Mayya	7	4

* amount below rounding off norm of the Company.

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Loans of ₹ 738 (USD 1 mn) ₹ 1492 (USD 2 mn) given to Happiest Minds Inc. carries an interest rate of 4.93% p.a and 5.367% p.a. respectively and is repayable after 3 years. Loan from Sri Mookambika Infosolutions Private Limited of ₹ 900 carries an interest rate of 7.317% p.a. and repayable within 1 year. All other outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2022: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Lakhs, unless otherwise stated)

39 Corporate Social Responsibility ('CSR') Expenditure

Details of CSR expenditure are as follows:

			March 31, 2023	March 31, 2022
(a)	Gross amount required to be spent by the Company during the year		322	205
(b)	Amount approved by the board to be spent during the year		333	215
(c)	Amount spent during the year ending on March 31, 2023 :	**In cash**	**Yet to be paid in cash**	**Total**
	i) Construction/ Acquisition of any asset	-	-	-
	ii) On purpose other than above	333	-	333
(d)	Amount spent during the year ending on March 31, 2022 :	**In cash**	**Yet to be paid in cash**	**Total**
	i) Construction/ Acquisition of any asset	-	-	-
	ii) On purpose other than above	215	-	215
(e)	Details related to spent/ unspent obligations:			
	i) Contribution to Public Trust		-	-
	ii) Contribution to Charitable Trust		333	215
	ii) Unspent amount in relation to:			
	- Ongoing project		-	-
	- Other than ongoing project		-	-
			333	**215**

Details of Ongoing Project and Other than Ongoing Project

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

In case of S. 135(5) (Other than ongoing Project)				
Opening balance	Amount deposited in specified fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	-	322	333	-

In case of S. 135(5) Excess amount spent			
Opening balance	Amount required to be spent during the year	Amount spent during the year	Closing balance
(21)	322	333	(32)

Notes to the Standalone Financial Statements for the year ended March 31, 2023
(All amounts in ₹ Lakhs, unless otherwise stated)

40 Commitments and Contingent Liabilities

i) Capital Commitments

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

ii) Other Claims Against the Company not provided for in the books

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

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

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

41 Share Based Payments

Employee Share Option Plan (ESOP)

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

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

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

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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

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

	For the year ended	
	March 31, 2023	March 31, 2022
Employee stock compensation expense	120	300

Movements during the year

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

March 31, 2023

Options - India/UK Plan	Employee Stock Ownership Plan 2011		Employee Stock Ownership Plan 2015	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	88,668	6.28	27,58,707	25.85
Granted during the year	-	-	-	-
Exercised during the year	(7,486)	5.84	(5,98,344)	25.82
Forfeited during the year	(81,182)	6.32	(1,67,730)	24.77
Outstanding options as at the end of the year	-	-	19,92,633	25.95
Weighted Average Remaining Contractual Life	-		3.77 years	

Options - USA Plan	Equity Incentive Plan for US Employees-2011		Equity Incentive Plan for US Employees-2011	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	16,000	6.0	29,830	26.00
Granted during the year	-	-	-	-
Exercised during the year	(6,000)	6.0	(10,355)	26.00
Forfeited during the year	(10,000)	6.0	-	-
Outstanding options as at the end of the year	-	-	19,475	26.00
Weighted Average Remaining Contractual Life	-		2.74 years	

March 31, 2022

Options - India/UK Plan	Employee Stock Ownership Plan 2011		Employee Stock Ownership Plan 2015	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	1,27,868	5.98	39,65,379	25.31
Granted during the year	-	-	-	-
Exercised during the year	(35,600)	5.24	(8,13,898)	23.26
Forfeited during the year	(3,600)	6.00	(3,92,774)	25.82
Outstanding options as at the end of the year	88,668	6.28	27,58,707	25.85
Weighted Average Remaining Contractual Life	0.12 years		4.59 years	

Options - USA Plan	Equity Incentive Plan for US Employees-2011		Equity Incentive Plan for US Employees-2011	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	20,000	6.00	49,470	24.18
Granted during the year	-	-	-	-
Exercised during the year	(4,000)	6.00	(17,890)	20.98
Forfeited during the year	-	-	(1,750)	26.00
Outstanding options as at the end of the year	16,000	6.00	29,830	26.00
Weighted Average Remaining Contractual Life	0.42 years		3.66 years	

* Weighted Average Exercise Price

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

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

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

42 Ratio Analysis and its Elements

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% Change	% Change
Current ratio	Current Assets	Current Liabilities	1.89	2.67	-29%	Increase in short term borrowings as at March 31, 2023
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.66	0.37	78%	Impact of increase in outstanding borrowings for the year ended March 31, 2023
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments (excludes repayments for Packing credit foreign currency loan)	3.99	4.46	-11%	
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	0.29	0.31	-6%	
Trade Receivable Turnover Ratio	Net revenue	Average Trade Receivable	7.40	7.45	-1%	
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	3.90	3.76	4%	
Net Capital Turnover Ratio	Net revenue	Working capital = Current assets – Current liabilities	2.74	1.83	50%	Higher net revenue and lower working capital for the year ended March 31, 2023.
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	0.16	0.18	-11%	
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax liability	0.23	0.28	-18%	
Return on Investment	Interest (Finance Income) and gain from mutual funds	Investments (includes mutual funds, and fixed deposits)	0.05	0.04	25%	Reshuffling of investment from mutual funds to fixed deposits resulting in higher yield

43 The Company publishes Standalone Financial Statements along with the Consolidated Financial Statements. In accordance with Ind AS 108, Operating segments, the Company has disclosed the segment information in the Consolidated Financial Statements. Accordingly, the segment information is given in the Consolidated Financial Statements of Happiest Minds Technologies Limited and its subsidiaries for the year ended March 31, 2023.

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

45 Rules in relation to 'The Code on Social Security, 2020 ('Code')' yet to be notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect.

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

(All amounts in ₹ Lakhs, unless otherwise stated)

46 The Company maintains the information and documents as required under the transfer pricing regulations under Section 92-92F of the Income Tax Act, 1961. The management is in the process of updating the transfer pricing documentation for the financial year 2022 - 2023 and is of the view that its transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

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

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

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

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

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

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

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

Independent Auditor's Report

To The Members of Happiest Minds Technologies Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Happiest Minds Technologies Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2023 and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information, in which are incorporated the financial statements of Happiest Minds Technologies Share Ownership Trust (the "ESOP trust") for the year ended on that date audited by the other auditor ('trust auditor').

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the trust auditor and other auditor on separate financial statements of the subsidiary referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the trust auditor and other auditor in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Fixed price contracts using the percentage of completion method** *(refer note 2(a) and note 25 of the consolidated Ind AS financial statement)* Revenue from fixed-price contracts where the performance obligations are satisfied over time, is recognized using the percentage-of-completion method. Use of the percentage-of-completion method requires the Company to determine the project costs incurred to date as a percentage of total estimated project costs required to complete the project. The estimation of total project costs involves significant judgement and is assessed throughout the period of the contract to reflect any changes based on the latest available information. We identified the revenue recognition for fixed price contracts where the percentage-of-completion method is used as a key audit matter because of the significant judgement involved in estimating the efforts to complete such contracts. This estimate has a high inherent uncertainty and requires consideration of progress of the contract, efforts incurred to-date and estimates of efforts to complete the contract. This required a high degree of auditor judgement in evaluating the audit evidence supporting the estimated efforts to complete and a higher extent of audit effort to evaluate the reasonableness of the total estimated efforts used to recognise revenue on fixed-price contracts.	**Principal audit procedures performed:** Our audit procedures related to estimates of efforts to complete for fixed-price contracts accounted using the percentage-of-completion method included the following, among others: • We tested the effectiveness of controls relating to (1) recording of efforts incurred and estimation of efforts to complete the remaining contract performance obligations, and (2) access and application controls pertaining to time recording and allocation systems, which prevents unauthorized changes to recording of efforts incurred. • We evaluated management's ability to reasonably estimate the progress towards satisfying the performance obligation by comparing actual information to estimates for performance obligations that have been fulfilled. • We selected a sample of fixed price contracts with customers accounted using percentage-of-completion method and performed the following: ◦ Read the contract and based on the terms and conditions evaluated whether recognizing revenue over time was appropriate, and the contract was included in management's calculation of revenue over time. ◦ Evaluated other information that supported the estimates of the progress towards satisfying the performance obligation. ◦ Evaluated the appropriateness of and consistency in the application of management's policies and methodologies to estimate progress towards satisfying the performance obligation. ◦ Compared efforts incurred with data from the timesheet application system. ◦ Tested the estimate for consistency with the status of delivery of milestones and customer acceptances to identify possible delays in achieving milestones, which require changes in estimated efforts to complete the remaining performance obligations. ◦ We assessed the adequacy of disclosures made in the financial statements with respect to revenue recognized during the year as required by applicable Indian Accounting Standards

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's annual report 2022-23, but does not include the consolidated financial statements and our auditor's report thereon. The report is expected to be made available to us after the date of this auditor's report.

- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above, when it becomes available, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the ESOP trust and the subsidiary, is traced from their financial statements audited by the trust auditor and other auditor.

- When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial 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 Parent has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group and the ESOP trust to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entity included in the consolidated financial statements of which we are the independent auditors. For the ESOP trust or entities included in the consolidated financial statements, which have been audited by the trust auditor or other auditor, such trust auditor and other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of the ESOP trust included in the standalone financial statements of the companies included in the Group whose financial statements reflect total assets of ₹ 30,190 lakhs as at March 31, 2023 and total revenue of ₹ Nil for the year ended on that date, as considered in the respective standalone financial statements of the companies included in the Group. The financial statements of the ESOP trust have been audited by the trust auditor whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the ESOP trust and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid ESOP trust, is based solely on the report of such trust auditor.

(b) We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of ₹ 3,583 lakhs as at March 31, 2023, total revenues of ₹ 2,053 lakhs and net cash outflows amounting to ₹ 5 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the trust auditor and other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the trust auditor and other auditor on the separate financial statements of the ESOP trust and the subsidiary, referred to in the Other Matters section above we report, to the extent applicable that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the trust auditor and other auditor.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements and with the financial statements received from the trust auditor and other auditor.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on March 31, 2023 taken on record by the Board of Directors of the Company and the reports of the statutory auditor of the ESOP trust and the subsidiaries company, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiaries company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies.

With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to their respective directors during the year is in accordance with the provisions of section 197 of the Act.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer note 41 of consolidated financial statements

ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent, and its subsidiaries company.

iv) (a) The respective Managements of the Parent and its subsidiaries, which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditor of such subsidiary to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditor of such subsidiary respectively that, to the best of their knowledge and belief, no funds have been received by the Parent or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditor of the subsidiary which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditor to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The final dividend proposed in the previous year, declared and paid by the Parent during the year is in accordance with section 123 of the Act, as applicable.

As stated in note 46 to the consolidated financial statements, the Board of Directors of the Parent, whose financial statements have been audited under the Act, where applicable, have proposed final dividend for the year which is subject to the approval of the members of the Parent at the ensuing respective Annual General Meetings. Such dividend proposed is in accordance with section 123 of the Act, as applicable.

vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable w.e.f. April 1, 2023 to the Parent and its subsidiaries which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No. 008072S

Vikas Bagaria
Partner
Membership No. 60408
UDIN: 23060408BGYGOZ3531
Place: Bengaluru
Date: May 8, 2023

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to consolidated financial statements of Happiest Minds Technologies Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to consolidated financial statements of the Company and its joint operations companies incorporated in India (retain as applicable) based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to consolidated financial statements .

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to consolidated financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm's Registration No. 008072S

Vikas Bagaria
Partner
Membership No. 60408
UDIN: 23060408BGYGOZ3531
Place: Bengaluru
Date: May 8, 2023

Consolidated Balance Sheet

as at March 31, 2023

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	As at March 31, 2023	As at March 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	3	13,278	78
Capital work-in-progress	3	185	-
Goodwill	4	13,913	7,896
Other intangible assets	4	10,182	2,396
Intangible assets under development	4	81	35
Right-of-use assets	5	5,786	5,390
Financial assets			
i. Investments	11	1,296	762
ii. Other financial assets	7	9,389	1,827
Income tax assets (net)	8A	1,310	680
Other assets	9	119	1
Deferred tax assets (net)	10 A	1,246	697
Total non-current assets		**56,785**	**19,762**
Current assets			
Financial assets			
i. Investments	11	-	46,400
ii. Trade receivables	12	21,319	16,738
iii. Cash and cash equivalents	13	6,999	6,729
iv. Bank balance other than cash and cash equivalents	14	62,184	10,071
v. Loans	6	64	4
vi. Other financial assets	7	12,237	9,405
Other assets	9	4,495	3,392
Total current assets		**1,07,298**	**92,739**
Total assets		**1,64,083**	**1,12,501**
Equity and liabilities			
Equity			
Equity share capital	15	2,866	2,854
Other equity	16	81,016	63,726
Equity attributable to equity holders of the parent		**83,882**	**66,580**
Non-controlling interest		-	-
Total equity		**83,882**	**66,580**
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	18	11,278	1,724
ii. Lease liabilities	19	4,761	4,119
iii. Other financial liabilities	20	1,996	1,291
Provisions	21	2,466	1,858
Deferred tax liabilities (net)	10 B	2,060	468
Total non-current liabilities		**22,561**	**9,460**

Consolidated Balance Sheet (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	As at March 31, 2023	As at March 31, 2022
Current liabilities			
Contract liabilities	22	1,157	1,346
Financial liabilities			
i. Borrowings	18	35,477	17,340
ii. Lease liabilities	19	1,859	1,792
iii. Trade payables	23		
(A) Total outstanding dues of micro enterprises and small enterprises		83	79
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises.		6,969	5,993
iv. Other financial liabilities	20	7,428	5,788
Income tax liabilities (net)	8B	517	239
Other current liabilities	24	2,375	2,426
Provisions	21	1,775	1,458
Total current liabilities		**57,640**	**36,461**
Total liabilities		**80,201**	**45,921**
Total equity and liabilities		**1,64,083**	**1,12,501**
Summary of significant accounting policies	2		

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

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

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

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

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

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

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

Consolidated Statement of Profit and Loss

for the year ended March 31, 2023

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Revenue from contracts with customers	25	1,42,929	1,09,365
Other income	26	2,111	3,710
Total income		**1,45,040**	**1,13,075**
Expenses			
Employee benefits expense	27	80,681	62,000
Depreciation and amortisation	28	4,191	3,288
Finance costs	29	2,186	995
Other expenses	30	26,362	21,598
Total expenses		**1,13,420**	**87,881**
Profit before exceptional items and tax		**31,620**	**25,194**
Exceptional items	31	(634)	(609)
Profit before tax		**30,986**	**24,585**
Tax expense	32		
Current tax		8,508	6,266
Adjustment of tax relating to earlier periods		-	44
Deferred tax charge/ (credit)		(621)	155
		7,887	**6,465**
Profit for the year		**23,099**	**18,120**
Other comprehensive income (OCI)			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange differences on translating the financial statements of a foreign operation		517	202
Net movement on effective portion of cash flow hedges	36 (B)	(632)	(316)
Income tax effect	32	159	80
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**44**	**(34)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Net loss on equity instruments carried at fair value through OCI	35 (v)	(351)	-
Income tax effect	32	74	-
Re-measurement losses on defined benefit plans	34	(155)	(97)
Income tax effect	32	39	24
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(393)**	**(73)**

Consolidated Statement of Profit and Loss (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Other comprehensive income for the year, net of tax		**(349)**	**(107)**
Total comprehensive income for the year		**22,750**	**18,013**
Profit for the year		23,099	18,120
Attributable to:			
Equity holders of the parent		23,099	18,120
Non-controlling interests		-	-
Total comprehensive income for the year		22,750	18,013
Attributable to:			
Equity holders of the parent		22,750	18,013
Non-controlling interests		-	-
Earnings per equity share	33		
Equity shares of par value ₹ 2/- each			
Basic, computed on the basis of profit for the year attributable to equity holders of the parent (₹)		16.13	12.84
Diluted, computed on the basis of profit for the year attributable to equity holders of the parent (₹)		16.01	12.55
Summary of significant accounting policies	2		

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

As per our report of even date
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Chartered Accountants
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for and on behalf of the Board of Directors:
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Membership no.: 060408
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Date: May 08, 2023

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Place: Bengaluru, India
Date: May 08, 2023

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

Consolidated Statement of Cash Flows

for the year ended March 31, 2023

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Operating activities			
Profit before tax		**30,986**	**24,585**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation/ amortisation of property, plant and equipment, intangibles and right-of-use assets	28	4,191	3,288
(Gain)/ loss on disposal of property, plant and equipment, net	26	-	(10)
Share-based payment expense	27	120	300
Gain on investment carried at fair value through profit and loss	26	-	(368)
Gain on sale of investment carried at fair value through profit and loss	26	(803)	(1,377)
Interest income	26	(2,610)	(636)
Fair value loss on contingent consideration	31	634	609
Net unrealised foreign exchange loss	26	1,219	404
Rent concession	26	(71)	(323)
Impairment loss on financial assets	30	-	189
Finance costs	29	2,186	995
Operating cash flow before working capital changes		**35,852**	**27,656**
Movements in working capital:			
Increase in trade receivables		(3,468)	(4,526)
Decrease in loans		964	10
Increase in non-financial assets		(1,190)	(1,610)
Increase in financial assets		(1,961)	(3,078)
Increase/ (decrease) in trade payables		756	1,489
Increase/ (decrease) in financial liabilities		(1,362)	1,004
Increase in provisions		478	58
Increase/ (decrease) in contract liabilities		(225)	660
Increase in other non-financial liabilities		(245)	496
		29,599	**22,159**
Income tax paid, net of refunds		(8,882)	(5,347)
Net cash flows from operating activities	**(A)**	**20,717**	**16,812**
Investing activities			
Purchase of property, plant and equipment	3	(13,106)	(67)
Purchase of intangible assets	4	(835)	(346)
Proceeds from sale of property, plant and equipment		-	10
Acquisition of subsidiary		(10,987)	-
Investment in equity shares of Tech4TH Solutions Inc.		(827)	(762)
Investment in bank deposit, net		(56,995)	(3,020)
Proceeds from sale of mutual funds		47,203	34,542
Purchase of mutual funds		-	(40,049)
Interest received		445	84
Net cash flows used in investing activities	**(B)**	**(35,102)**	**(9,608)**

Consolidated Statement of Cash Flows (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Financing activities			
Repayment of long-term borrowings		(2,609)	(2,053)
Proceeds from long-term borrowings		12,383	-
Proceeds / (Repayment) of short-term borrowings (net)		4,617	4,012
Proceeds from issue of redeemable non-convertible debentures		4,500	
Security deposits given		-	-
Payment of principal portion of lease liabilities		(2,004)	(1,702)
Payment of interest portion of lease liabilities		(544)	(487)
Payment of contingent consideration		(2,034)	(1,861)
Dividend paid		(5,715)	(6,830)
Proceeds from exercise of share options		147	171
Interest paid		(1,534)	(328)
Net cash flows from/ (used) in financing activities	**(C)**	**7,207**	**(9,078)**
Net decrease in cash and cash equivalents	**[(A)+(B)+(C)]**	(7,178)	(1,874)
Net foreign exchange difference		323	20
Cash and cash equivalents at the beginning of the year		6,729	8,583
Cash acquired on acquisition of subsidiary		6	-
Cash and cash equivalents at the end of the year		**(120)**	**6,729**
Components of cash and cash equivalents	13		
Balance with banks			
- on current account		5,346	5,649
- in EEFC accounts		1,653	1,080
Less : Bank overdraft		(7,119)	
Total cash and cash equivalents		**(120)**	**6,729**
Non-cash investing activities:			
Acquisition of subsidiary		2,707	-
Acquisition of Right-of-use assets	5	4,317	5,487
Refer note 18 and 19 for changes in liabilities arising from financing activities and for non-cash financing activities.			
Summary of significant accounting policies	2		

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

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

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

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

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

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

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

Consolidated Statement of Changes in Equity

for the year ended March 31, 2023

(All amounts in ₹ lakhs, unless otherwise stated)

a) Equity Share Capital

For the year ended March 31, 2023	No of Shares	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid		
At April 1, 2022	**14,26,08,867**	**2,854**
Exercise of share options - refer note 15 (ii) (1)	5,79,688	12
As at March 31, 2023	**14,31,88,555**	**2,866**

For the year ended March 31, 2022	No of Shares	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid		
At April 1, 2021	**14,17,83,304**	**2,837**
Exercise of share options - refer note 15 (ii) (1)	8,25,563	17
As at March 31, 2022	**14,26,08,867**	**2,854**

b) Other Equity

For the year ended March 31, 2023	Attributable to the equity holders of the parent						
	Reserves and Surplus			Other components of equity			Total
	Securities premium (Note 16)	Share options outstanding reserve (Note 16)	Retained earnings (Note 16)	Cash flow hedge reserve (Note 16)	Foreign currency translation reserve (Note 16)	Equity instrument through OCI (Note 16)	
As at April 1, 2022	**41,205**	**385**	**21,773**	**143**	**220**	**-**	**63,726**
Profit for the year	-	-	23,099	-	-	-	23,099
Other comprehensive income	-	-	(116)	(473)	517	(277)	(349)
Total comprehensive income	**-**	**-**	**22,983**	**(473)**	**517**	**(277)**	**22,750**
Exercise of share option by employees	135	-	-	-	-	-	135
Transferred to retained earnings for options forfeited	-	(23)	23	-	-	-	-
Transferred to securities premium for options exercised	216	(216)	-	-	-	-	-
Dividend - refer note 17	-	-	(5,715)	-	-	-	(5,715)
Share-based payments expense - refer note 43	-	120	-	-	-	-	120
As at March 31, 2023	**41,556**	**266**	**39,064**	**(330)**	**737**	**(277)**	**81,016**

Consolidated Statement of Changes in Equity (Contd.)

(All amounts in ₹ lakhs, unless otherwise stated)

For the year ended March 31, 2022	Attributable to the equity holders of the parent						
	Reserves and Surplus			Other components of equity		Total	Total equity
	Securities premium (Note 17)	Share options outstanding reserve (Note 17)	Retained earnings (Note 17)	Cash flow hedge reserve (Note 17)	Foreign currency translation reserve (Note 17)		
As at April 1, 2021	**40,454**	**361**	**10,550**	**379**	**18**	**51,762**	**51,762**
Profit for the year	-	-	18,120	-	-	18,120	18,120
Other comprehensive income	-	-	(73)	(236)	202	(107)	(107)
Total comprehensive income	**-**	**-**	**18,047**	**(236)**	**202**	**18,013**	**18,013**
Exercise of share option by employees	154	-	-	-	-	154	154
Transaction costs, net of recovery or reimbursement of expense on issue of shares	327	-	-	-	-	327	327
Transferred to retained earnings for options forfeited	-	(6)	6	-	-	-	-
Transferred to securities premium for options exercised	270	(270)	-	-	-	-	-
Dividend - refer note 17	-	-	(6,830)	-	-	(6,830)	(6,830)
Share-based payments expense - refer note 43	-	300	-	-	-	300	300
As at March 31, 2022	**41,205**	**385**	**21,773**	**143**	**220**	**63,726**	**63,726**

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

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

for and on behalf of the Board of Directors:
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Praveen Darshankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: May 08, 2023

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs, unless otherwise stated)

Corporate Information

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

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

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

1 Basis of preparation of Consolidated Financial Statements

a) Basis of Preparation

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

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

These Consolidated Financial Statements have been prepared for the Group as a going concern on the basis of relevant Ind AS that are effective at the Group's annual reporting date, March 31, 2023.

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

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

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

c) Derivative financial instruments and

d) Contingent consideration

b) Functional currency and presentation currency

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

c) Use of Estimates and Judgements

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

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

Judgements:

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

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

Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March, 2023 is included in the following notes:

- Note 2(e) - Impairment test of non-financial assets; key assumptions underlying recoverable amounts including the recoverability of expenditure on internally-generated intangible assets;
- Note 2(n)- Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 2(h) - Impairment of financial assets
- Note 2(p) - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Note 2(i) - Fair value measurement
- Note 2(j) - Determination of whether the company exercises control or significant influence on its investee and date such control or significant influence was acquired

d) Current and Non-Current Classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

e) Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the Parent and its subsidiary as at 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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

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

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

Consolidation Procedure:

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

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

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

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

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

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

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

Name of Company	Nature of Business	Country of incorporation	Ownership interest as at March 31, 2023	Ownership interest as at March 31, 2022
Sri Mookambika Infosolutions Private Limited	IT services	India	100%*	Nil
Happiest Minds Inc (formerly known as PGS Inc.)	IT services	United States of America	100%	100%

Refer note 44

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

(All amounts in ₹ Lakhs, unless otherwise stated)

2 Significant Accounting Policies

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

a Revenue Recognition

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

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

Rendering of Services

The Group applies judgement to determine whether each product or service promised to a customer is capable of being distinct, and is distinct in the context of the contract, if not, the promised product or service is combined and accounted as a single performance obligation. In determining the transaction price for rendering of services, the Group considers the effect of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customers if any. Revenue is recognised net of trade and cash discounts. The Group allocates the arrangement consideration to separately identifiable performance obligation deliverables based on their relative stand-alone selling price. In cases where the Group is unable to determine the stand-alone selling price, the Group uses expected cost-plus margin approach in estimating the stand-alone selling price. Volume discounts are recorded as a reduction of revenue. When the amount of discount varies with the levels of revenue, volume discount is recorded based on estimate of future revenue from the customer.

Revenues from services comprise primarily income from time-and-material and fixed price contracts. Revenue with respect to time-and-material contracts is recognised over the period of time as the related services are performed. Revenue with respect to fixed price contracts where performance obligation is transferred over time are recognized using the "percentage of completion" method. The Group uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. Percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, revenue recognized, profit and timing of revenue for remaining performance obligations are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable. Provisions for estimated losses on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates.

Trade Receivables

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

Variable Consideration

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

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Sale of Licenses

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

Contract Balances

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

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

Interest Income

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

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

Dividend Income

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

b Business Combination

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

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

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

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

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

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

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

c Property, Plant and Equipment

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

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

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

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

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

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

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

Class of asset	Useful life as per Schedule II	Useful life as per Group
Furniture and fixtures	10 years	5 years
Office equipment	5 years	4 years
Buildings	60 years	50 years
Computer systems	6 years for server 3 years for other than server	2.5-3 years

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

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

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

d Intangible Assets

Goodwill

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

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

Other Intangible Assets

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

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

Amortisation Methods and Periods

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

Asset	Life in Years
Computer software	2.5-3 years
Non compete fees	3 years
Customer relations	3-7 years
Trade mark	2-3 years
Exclusive license	2 years

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

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

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

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

e Impairment of Non-Financial Assets

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

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

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

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

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

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

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

f Borrowing Cost

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

g Leases

The Group has lease contracts for various items of computers, vehicles and buildings used in its operations. Lease terms generally ranges between 1 and 5 years.

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

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(All amounts in ₹ Lakhs, unless otherwise stated)

Group as Lessee

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

Right-of-use Assets

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

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

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

Lease Liabilities

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

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

Short-term Leases and :eases of Low-Value Assets

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

Lease and non-lease component

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

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

Extension and Termination Option

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group’s business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably

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

(All amounts in ₹ Lakhs, unless otherwise stated)

certain to be exercised. Management have not considered any future cash outflow for which they are potentially exposed arising due to extension and termination options.

h Financial Instruments

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

Non-derivative Financial Instruments :

a) Financial Assets

Initial Recognition and Measurement

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

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

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

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

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

Subsequent Measurement

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

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

Debt Instruments at Amortised Cost

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

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

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

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

Debt Instrument at FVTOCI

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

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

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

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

Debt Instrument at FVTPL

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

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

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Equity Investments

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

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

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Derecognition

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

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

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

Reclassification of Financial Assets

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

Impairment of Financial Assets

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

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

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

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

- Trade receivables, unbilled revenue and contract assets

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

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

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

b) Financial Liabilities :

Initial Recognition and Measurement

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

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

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

Subsequent Measurement

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

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

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

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

c) Loans and Borrowings

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

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

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

Derecognition

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

d) Offsetting of Financial Instruments

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

Derivative Financial Instruments :

Initial Recognition and Subsequent Measurement :

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

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

statement of profit and loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

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

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

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

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

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

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

Cash Flow Hedges

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

i Fair Value Measurement

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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

j Cash and Cash Equivalents

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

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

k Foreign Currency Translation

Functional and Presentation Currency

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

Transactions and Balances

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

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

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or the statement of profit and loss are also recognised in OCI or the statement of profit and loss, respectively).

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

Group Companies

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

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

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

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

l Employee Benefits

Short-term Obligations

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

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

Other long-term Employee Benefit Obligations

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

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

Post-employment Obligations

The Group operates the following post-employment schemes:

(a) defined benefit plans - gratuity, and

(b) defined contribution plans such as provident fund.

Gratuity Obligations

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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

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

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

Defined Contribution Plan

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

m Employee Share Based Payments

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

Equity-Settled Transactions:

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

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

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

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

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

n Taxation

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

Current Income Tax

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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

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

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

Deferred Tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit and loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

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

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

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

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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

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

o Treasury Shares

The Group has created an Employee Benefit Trust (EBT) for providing share-based payment to its employees. The Group uses EBT as a vehicle for distributing shares to employees under the employee remuneration schemes. The EBT buys shares from the Parent, for giving shares to employees. The Group treats EBT as its extension and shares held by EBT are treated as treasury shares. Refer note 15.

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

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

Share options exercised during the reporting period are issued from the treasury shares.

p Provisions and Contingent Liabilities

Provisions

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

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

Provision for Warranty

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

Contingent Liabilities

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

q Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Group has identified three reportable segment based on the dominant source, nature of risks and return and the internal organisation and management structure and for which discrete financial information is available. The Executive

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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

r Earnings/(Loss) Per Share

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

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

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

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

s Change in Accounting Policies and Disclosure

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

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

t Standards notified but not yet effective:

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

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

(ii) Ind AS 1 - Presentation of Financial Statements

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

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

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

u Critical Estimates and Judgements

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

Significant Judgments and Estimates

(a) Defined Benefit Plans

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

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

(b) Revenue Recognition

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

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

(c) Business Combination and Intangible Assets

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

(d) Impairment of Goodwill

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

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

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

(f) Deferred Taxes

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

3 Property, Plant and Equipment

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

Note:

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

Capital work-in-progress (CWIP) Ageing

As at March 31, 2023

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

There were no CWIP as at March 31, 2022.

4 Goodwill and Other Intangible Assets

i) Goodwill

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

ii) Other Intangible Assets

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

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

Intangibles Assets under Development Ageing (IAUD)

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

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

Impairment of Goodwill

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

Goodwill is tested for impairment on an annual basis by the Group. The recoverable value of the CGU is determined based on value-in-use calculation using the cash flow projections based on the financial budgets approved by the management covering a five year period.

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

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

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

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

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

5 Right-of-use Assets

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

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

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

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

6 Loans

Carried at Amortised Cost

	March 31, 2023	March 31, 2022
Current		
Loans considered good - Unsecured		
Loan to employees	64	4
	64	**4**

7 Other Financial Assets

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

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

	March 31, 2023	March 31, 2022
(b) Derivative instruments carried at fair value through OCI		
Cash flow hedges		
Foreign currency forward contracts - refer note 36 (B)	166	249
Cross currency interest rate swap - refer note 36 (B)	363	-
	529	**249**
Total other current financial assets	**12,237**	**9,405**

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

(All amounts in ₹ Lakhs, unless otherwise stated)

8A Income Tax Assets (Net)

	March 31, 2023	March 31, 2022
Non - current		
Income tax assets (net)	1,310	680
	1,310	**680**

8B Income Tax Liabilities (Net)

	March 31, 2023	March 31, 2022
Current		
Income tax liabilities (net)	517	239
	517	**239**

9 Other Assets

Unsecured, considered good, unless otherwise stated

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

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

10A Deferred Tax Assets (Net)

	March 31, 2023	March 31, 2022
Deferred tax assets (net)	1,246	697
	1,246	**697**

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

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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

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

	April 01, 2021	Recognised in profit or loss [charge/(credit)]	Recognised in Other comprehensive income [charge/(credit)]	March 31, 2022
Mutual funds	54	307	-	361
Goodwill	91	63	-	154
Derivative assets	128	-	(80)	48
Property, plant and equipment and intangible assets	(75)	14	-	(61)
Loss allowance on trade receivables	(318)	11	-	(307)
Lease liability and right-of-use assets	(125)	(7)	-	(132)
Provision for gratuity and leave encashment	(618)	111	(24)	(531)
Others	(163)	(66)	-	(229)
Deferred tax assets (net)	**(1,026)**	**433**	**(104)**	**(697)**

10B Deferred Tax Liabilities (Net)

	March 31, 2023	March 31, 2022
Deferred tax liabilities (net)	2,060	468
	2,060	**468**

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

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

excludes impact of Foreign currency translation reserve

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

(All amounts in ₹ Lakhs, unless otherwise stated)

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

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

11 Investments

Non-current

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

	March 31, 2023	March 31, 2022
Unquoted		
334 (March 31, 2022 : 134) Series A Common Shares of $ 0.01 par value of Tech4TH Solutions Inc. - refer note 35 (iv)	1,296	762
	1,296	**762**

During the year ended March 31, 2023, the Group invested further US$ 1,000,000 (₹ 827 lakhs) in Tech4TH Solutions Inc (Tech4TH). As a result, the Group's holding increased from 11.17% as at March 31, 2022 to 23.5% as at March 31, 2023. The Group has determined that it does not exercise significant influence on Tech4TH as the company does not have any representation on the board of directors of Tech4TH, does not participate in any policy making decisions, nor does it have any material transactions with Tech4TH. These equity shares have been designated as FVTOCI as they are not held for trading.

Current

Carried at fair value through statement of profit and loss

	March 31, 2023 Units in lakhs	March 31, 2022 Units in lakhs	March 31, 2023 Amount	March 31, 2022 Amount
Quoted				
Aditya Birla - Money manager fund - Growth	-	3.00	-	803
Aditya Birla - Savings Fund - Growth	-	19	-	8,370
Axis - Banking and PSU debt fund - Growth	-	1.00	-	3,062
HDFC - Ultra short term fund - Growth	-	727	-	9,023
ICICI Prudential - Short term fund - Growth	-	72	-	3,679
ICICI Prudential - Ultra short term fund - Growth	-	367	-	8,785
IDFC - Banking and PSU debt fund - Growth	-	175.00	-	3,578
Kotak - Banking & PSU Debt fund - Growth	-	76	-	4,119
L&T - Banking & PSU Debt fund - Growth	-	194	-	4,087
Nippon - Banking and PSU debt fund - Growth	-	27.00	-	459
UTI - Ultra short term fund - Growth	-	*	-	435
			-	**46,400**

Note:

* Units are not presented as they are below the rounding off norms adopted by the Group.

	March 31, 2023	March 31, 2022
Aggregate book value of quoted investments	-	46,400
Aggregate market value of quoted investments	-	46,400
Aggregate value of unquoted investments	1,296	762
Aggregate amount of impairment in value of investments	-	-

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

12 Trade Receivables

Carried at amortised cost

	March 31, 2023	March 31, 2022
Current		
Trade receivables - others	21,051	16,732
Trade receivables - related party - refer note 38	268	6
Total trade receivables	**21,319**	**16,738**
Break-up for security details		
Unsecured, considered good	22,100	18,248
	22,100	**18,248**
Impairment allowance		
Unsecured, considered good	(781)	(1,510)
Trade receivables net of impairment	**21,319**	**16,738**

Trade Receivables Ageing Schedule

As at March 31, 2023	Outstanding for the following periods from the due date of payment						Total
	Current but not due	Less than 6 months	6 months-1 years	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables - considered good	14,955	6,420	389	307	14	15	22,100
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Total	**14,955**	**6,420**	**389**	**307**	**14**	**15**	**22,100**
Less: Impairment allowance							(781)
Total							**21,319**

As at March 31, 2022	Outstanding for the following periods from the due date of payment						Total
	Current but not due	Less than 6 months	6 months-1 years	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables - considered good	13,346	3,714	484	448	130	126	18,248
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Total	**13,346**	**3,714**	**484**	**448**	**130**	**126**	**18,248**
Less: Impairment allowance							(1,510)
Total							**16,738**

(i) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except as disclosed in note 38

(ii) Trade receivables are non-interest bearing and are generally on terms of 0 to 180 days.

(iii) For terms and conditions relating to related party receivables refer note 38.

(iv) For unbilled revenue refer note 7

13 Cash and Cash Equivalents

	March 31, 2023	March 31, 2022
Balances with banks:		
- in current accounts	5,346	5,649
- in EEFC accounts	1,653	1,080
Cash on hand-Foreign Currency	*	-
	6,999	**6,729**

* Represents number below rounding off norms of the Group.

14 Bank and Bank Balance Other than Cash and Cash Equivalents

	March 31, 2023	March 31, 2022
Fixed deposit	46,175	9,092
Margin money deposits - refer note (i) below	15,997	972
Balances with bank in unpaid dividend account	12	7
	62,184	**10,071**
(i) Margin money deposit is used to secure:		
Working capital facility and bank overdrafts	15,200	200
Term loan - Federal bank	790	-
Guarantees given	7	772

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

15 Share Capital

Equity Share Capital

i) Authorised Share Capital

	Numbers	Amount
Equity share capital of ₹ 2 each		
As at April 01,2021	**22,93,00,000**	**4,586**
Increase during the year	-	-
As at March 31, 2022	**22,93,00,000**	**4,586**
Increase during the year	-	-
As at March 31, 2023	**22,93,00,000**	**4,586**

ii) Issued, Subscribed and fully paid up Equity Share Capital

	Numbers	Amount
Equity share capital of ₹ 2 each, fully paid up		
As at April 01,2021	**14,17,83,304**	**2,837**
Exercise of share options - refer note (1) below	8,25,563	17
As at March 31, 2022	**14,26,08,867**	**2,854**
Exercise of share options - refer note (1) below	5,79,688	12
As at March 31, 2023	**14,31,88,555**	**2,866**

(1) During the year ended March 31, 2023, Employee Benefit Trust (EBT) issued 5,79,688 (March 31, 2022 - 8,25,563) equity shares to the employees upon exercise of employee stock options.

(2) (2) The outstanding equity shares as at April 01, 2021, March 31, 2022 and March 31, 2023 are presented net of treasury shares.

(iii) Terms/ rights attached to equity shares

The Company has a single class of equity share of par value ₹ 2 each. Each holder of the equity shares is entitled to one vote per share and carries a right to dividends as and when declared by the Company.

In the event of liquidation of the Company, the holders of equity shares, will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts.

(iv) Details of shareholders holding more than 5% shares in the Company: -

	March 31, 2023		March 31, 2022	
	No of Shares	Holding percentage	No of Shares	Holding percentage
Equity shares of ₹ 2 each fully paid				
Mr. Ashok Soota (Promoter)	6,00,75,393	41.96%	6,00,68,668	42.12%
Ashok Soota Medical Research LLP	1,79,48,784	12.54%	1,79,48,784	12.59%

As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownership of shares.

(v) The Company has not issued any bonus shares or shares for consideration other than cash during the period of five years immediately preceding the reporting date.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

(vi) Details of shares held by promoters

As at March 31, 2023

	Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 2 each fully paid	Mr. Ashok Soota	6,00,68,668	6,725	6,00,75,393	41.96%	0.01%
Equity shares of ₹ 2 each fully paid	Ashok Soota Medical Research LLP	1,79,48,784	-	1,79,48,784	12.54%	0.00%

As at March 31, 2022

	Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 2 each fully paid	Mr. Ashok Soota	6,00,61,701	6,967	6,00,68,668	42.12%	0.01%
Equity shares of ₹ 2 each fully paid	Ashok Soota Medical Research LLP	1,79,48,784	-	1,79,48,784	12.59%	0.00%

(vii) Treasury shares

	Numbers
As at April 01 2021	**50,80,252**
Issue for cash on exercise of share options	(8,25,563)
As at March 31, 2022	**42,54,689**
Issue for cash on exercise of share options	(5,79,688)
As at March 31, 2023	**36,75,001**

(i) For terms/ rights attached to treasury shares refer note 15 (iii) above

16 Other Equity

	March 31, 2023	March 31, 2022
Securities premium account	41,556	41,205
Retained earnings	39,064	21,773
Cash flow hedge reserve	(330)	143
Foreign currency translation reserve	737	220
Share options outstanding reserve	266	385
Equity instrument through Other comprehensive income (OCI)	(277)	-
	81,016	**63,726**
a) Securities premium account		
Opening balance	41,205	40,454
Transaction costs, net of recovery or reimbursement of expense on issue of shares	-	327
Exercise of share option by employees	135	154
Transferred from ESOP reserve for options exercised	216	270
Closing balance	**41,556**	**41,205**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

		March 31, 2023	March 31, 2022
b)	**Retained earnings**		
	Opening balance	21,773	10,550
	Profit for the year	23,099	18,120
	Other comprehensive income recognised directly in retained earnings	(116)	(73)
	Dividend - refer note 17	(5,715)	(6,830)
	Transferred from share option outstanding reserve for options forfeited	23	6
	Closing balance	**39,064**	**21,773**
c)	**Cash flow hedge reserve**		
	Opening balance	143	379
	Net movement on effective portion of cash flow hedges - refer note 36 (B)	(473)	(236)
	Closing balance	**(330)**	**143**
d)	**Foreign currency translation reserve**		
	Opening balance	220	18
	Additions during the period	517	202
	Closing balance	**737**	**220**
e)	**Share options outstanding reserve**		
	Opening balance	385	361
	Employee compensation expense for the year - refer note 43	120	300
	Transferred to retained earnings for options forfeited	(23)	(6)
	Transferred to securities premium for options exercised	(216)	(270)
	Closing balance	**266**	**385**
f)	**Equity instrument through Other comprehensive income (OCI)**		
	Opening balance	-	-
	Additions during the period, net of taxes - refer note 35 (iv)	(277)	-
	Closing balance	**(277)**	**-**

(i) Nature and purpose of other reserves

a) Securities premium account :

Securities premium account has been created consequent to issue of shares at premium. The reserve can be utilised in accordance with the provisions of the Companies Act 2013.

b) Retained earnings :

Retained earnings comprises of prior year's and current year's undistributed earnings/accumulated losses after tax.

c) Cash flow hedge reserve :

The Group uses foreign currency forward contracts to hedge the highly probable forecasted transaction and interest rate swaps to hedge the interest rate risk associated with foreign currency term loan. The effective portion of fair value gain/loss of the hedge instrument is recognised in the cash flow hedge reserve. Amounts recognised in the cash flow hedge reserve is reclassified to the Statement of Profit and Loss when the hedged item affects profit or loss.

d) Foreign currency translation reserve :

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to statement of profit and loss when the net investment is disposed-off.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

e) Share options outstanding reserve :

The share based payment reserve is used to recognise the grant date fair value of options issued to employees under Employee Stock Option Plan.

f) Equity instrument through Other comprehensive income (OCI)

The Group has elected to recognise changes in the fair value of certain investments in equity shares in other comprehensive income. These changes are accumulated within the Equity instruments through Other Comprehensive Income within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity shares are derecognised.

17 Distribution made

	March 31, 2023	March 31, 2022
Dividends on equity shares declared and paid :		
Final dividend paid for the year ended on March 31, 2022 : 2/- per share (March 31, 2021 : ₹ 3/- per share)	2,856	4,311
Interim dividend for the year ended on March 31, 2023 : ₹ 2/- per share (March 31, 2022 : 1.75/- per share)	2,859	2,519
	5,715	**6,830**

18 Borrowings

Carried at Amortized cost

	March 31, 2023	March 31, 2022
Non current		
Secured		
Term loan from bank		
Foreign currency term loan - refer note (a) below	1,870	3,793
Rupee term loan - refer note (b) below	11,986	-
	13,856	**3,793**
Less: Current maturities of foreign currency term loan	(1,870)	(2,069)
Less: Current maturities of rupee term loan	(708)	
Total non-current borrowings	**11,278**	**1,724**
Current		
Secured		
Loans from banks		
Foreign currency loan (PCFC) - refer note (d)	18,980	15,271
Bank overdraft - refer note (f) below	7,119	-
Unsecured		
Loans from banks		
Foreign currency loan (PCFC) - refer note (e)	2,300	-
Redeemable non-convertible debentures - refer note (c) below	4,500	-
Current maturities of term loans		
Foreign currency term loan from bank - refer note (a) below	1,870	2,069
Rupee term loan from bank - refer note (b) below	708	-
Total current borrowings	**35,477**	**17,340**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

Notes

(a) Foreign currency term loan of ₹ 6,025 lakhs (USD 8.25 million) from Federal bank carries a fixed interest rate of 3.2% per annum (March 31, 2022 : 3.2% per annum). The loan is repayable in 36 equal monthly instalments commencing from February 28, 2021 and will mature on Feb 28, 2024. The loan is secured by the way of exclusive charge on movable fixed assets of the Company (excluding leased asset charged to Hewlett Packard) and also by lien on fixed deposit equivalent to two months instalments plus interest (refer note 14). The loan was raised exclusively for funding the acquisition of Happiest Minds Inc. (formerly known as PGS Inc.).

(b) Rupee term loan of ₹ 12,430 lakhs from Federal bank carries an effective interest rate of 7.9% per annum (March 31, 2022: Nil). The loan is repayable in 120 monthly installment commencing from August 15, 2022 and will mature on July 15, 2032. The proceeds from the loan was utilized for the acquisition of land and building at SJR Equinox in Bengaluru. The loan is secured by way of exclusive charge on such land and building together with all the fixed assets in the building and lien on fixed deposits equivalent to three months instalments plus interest (refer note 7).

The Company has entered into an Cross currency interest rate swap with respect to aforementioned loan over the tenure wherein it will pay USD 15.6 million at an effective interest rate of 4.21% per annum and receive ₹ 12,430 lakhs at an interest rate of 7.9% per annum.

(c) 4,500 rated, listed, negotiable, unsecured, redeemable non-convertible debentures (NCDs) aggregating to ₹ 4,500 lakhs were issued during the year on a private placement basis carrying a coupon rate of 3m T-bill + 2.35% p.a payable quarterly. Each NCD has face value of ₹ 1 lakh and is redeemable at face value at the end of 3rd year from the date of allotment. The NCDs were allotted on March 27, 2023 and will mature on March 27, 2026. The proceeds from NCDs will be utilised for general corporate purpose. The investor and the issuer has the option to put or call for the redemption of debenture at face value on the coupon payment date falling on the expiry of one year or two years from the deemed date of allotment (i.e. March 23, 2023). Consequently, the NCDs are disclosed under current borrowings.

(d) PCFC loan taken from Kotak Mahindra carries an interest rate ranging 4.91% to 5.51% p.a. (March 31, 2022 - 1.2% p.a.) and is repayable within 90-120 days.

PCFC loan taken from RBL bank carries an interest rate ranging 5.68% to 5.88% p.a. (March 31, 2022 - 1.28% to 1.32% p.a.) and is repayable within 90 days.

PCFC loan taken from Federal bank carries an interest rate of 5.55% to 5.66% p.a. (March 31, 2022 - 1.10% to 1.39% p.a.) and is repayable within 90 days.

PCFC loan taken from ICICI bank carries an interest rate of 5.89% to 5.96% p.a. (March 31, 2022 - 1.15% to 1.45% p.a.) and is repayable within 90 days.

PCFC from RBL is secured by the way of lien on fixed deposit of ₹ 200 lakhs and by pari-passu charge on current assets of the Parent. Refer note 14. All other PCFC are fully secured by the way of pari-passu charge on current assets of the Parent.

(e) PCFC loan taken from Axis bank is unsecured, carries an interest rate of 5.98% p.a. (March 31, 2022 - Nil) and is repayable within 90 days.

(f) Overdraft facility from SBI bank amount to ₹ 15,000 lakhs carries an interest rate of 7.95% p.a. (March 31, 2022 - Nil) and is repayable on demand. Amount utilised as at March 31, 2023 is ₹ 7,119 lakhs (March 31, 2022 - Nil). Overdraft facility is fully secured by the way of lien on fixed deposit of ₹ 15,000 lakhs. Refer note 14.

(g) PCFC loan from RBL bank, Federal bank, Kotak Mahindra, NCDs and Rupee term loan from Federal bank contains covenants pertaining to current ratio, interest coverage ratio, EBIDTA to interest ratio, total outstanding liability to adjusted tangible net worth ratio, total debt to EBIDTA, Debt service coverage ratio. The Company has satisfied all the debt covenants prescribed in the terms of the borrowings. Other borrowings doesn't have any debt covenants. The Company has not defaulted in any of the loans payable. Quarterly statements of current assets filed by the Company with banks in respect of the PCFC facilities are in agreement with the books of accounts.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

The table below details change in the Group's liabilities arising from financing activities, including both cash and non-cash changes

	Non-current borrowings#	Current borrowings##
As at April 01, 2021	**5,658**	**10,972**
Financing cash flows (net)	(2,053)	4,012
Non cash movements:		
Amortisation of transaction cost	15	-
Foreign exchange difference	173	287
As at March 31, 2022	**3,793**	**15,271**
Acquisition of subsidiary - refer note 44	-	104
Financing cash flows (net)	9,774	9,117
Non cash movements:		
Amortisation of transaction cost	18	-
Foreign exchange difference	271	1,288
As at March 31, 2023	**13,856**	**25,780**

Current maturities of term loans are included in the Non-current borrowings

Current borrowing movement doesn't includes bank overdraft which forms part of cash and cash equivalent for the purpose of Cash flow statement.

19 Lease Liabilities

Carried at amortised cost

	March 31, 2023	March 31, 2022
Non current		
Lease liabilities	6,620	5,911
	6,620	**5,911**
Less: Current maturities of lease liabilities	(1,859)	(1,792)
Total non-current lease liabilities	**4,761**	**4,119**
Current		
Lease liabilities	1,859	1,792
Total current lease liabilities	**1,859**	**1,792**

(i) Movement in lease liabilities for year ended March 31, 2023 and March 31, 2022:

	March 31, 2023	March 31, 2022
Balance at beginning of the year	5,911	2,645
Additions	4,209	5,291
Finance cost incurred during the period - refer note 29	544	487
Disposal	(1,431)	-
Payment of lease liabilities	(2,548)	(2,189)
Rent concession - refer note 26	(71)	(323)
Exchange difference	6	-
Balance at the end of the year	**6,620**	**5,911**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

(ii) **The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2023 and March 31, 2022**

	March 31, 2023	March 31, 2022
Less than one year	2,364	2,264
One to five years	5,374	4,769
More than five years	-	-

(iii) The Group had total cash outflow of ₹ 2,548 lakhs during the year ended March 31, 2023 (March 31, 2022 - ₹ 2,189 lakhs) for leases recognized in balance sheet. The Group has made a non-cash addition to lease liabilities of ₹ 4,209 lakhs during the year ended March 31, 2023 (March 31, 2022 - ₹ 5,291 lakhs).

20 Other Financial Liabilities

	March 31, 2023	March 31, 2022
Non-current		
Carried at fair value through profit or loss		
Contingent consideration - refer note 31, 35 (iv) and 35(v)	1,292	1,291
	1,292	**1,291**
Carried at fair value through other comprehensive income		
Cash flow hedges		
Cross currency interest rate swap - refer note 36 (B)	704	-
	704	**-**
Total non - current financial liabilities	**1,996**	**1,291**
Current		
Carried at amortised cost		
Employee related liabilities	3,815	4,254
Unpaid dividend	13	7
Capital creditors	386	-
Accrued interest payable	6	-
	4,220	**4,261**
Carried at fair value through profit or loss		
Contingent consideration - refer note 31, 35 (iv) and 35(v)	2,941	1,467
	2,941	**1,467**
Carried at fair value through Other Comprehensive Income		
Cash flow hedges		
Foreign currency forward contracts - refer note 36 (B)	267	60
	267	**60**
Total other current financial liabilities	**7,428**	**5,788**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

21 Provisions

	March 31, 2023	March 31, 2022
Non-current		
Provision for gratuity - refer note 34	2,466	1,858
	2,466	**1,858**
Current		
Provision for compensated absences	1,746	1,432
Other provisions		
Provision for warranty	29	26
	1,775	**1,458**

Movement during the year - Provision for warranty	
Balance as at April 01, 2021	**25**
Arising during the year	1
Utilised/ reversed during the year	-
Balance as at March 31, 2022	**26**
Arising during the year	-
Utilised/ reversed during the year	-
Exchange (gain)/ loss	3
Balance as at March 31, 2023	**29**

22 Contract Liabilities

	March 31, 2023	March 31, 2022
Current		
Unearned revenue - refer note (i) below	1,157	1,346
	1,157	**1,346**

(i) The Group has rendered the service and have recognised the revenue of ₹ 1,346 lakhs (March 31, 2022: ₹ 474 lakhs) during the year from the unearned revenue balance at the beginning of the year.

23 Trade Payables

Carried at Amortised Cost

	March 31, 2023	March 31, 2022
Total outstanding dues of micro enterprises and small enterprises - refer note (iii) below	83	79
Total outstanding dues of creditors other than micro enterprises and small enterprises	6,969	5,993
	7,052	**6,072**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

Trade payables Ageing Schedule

As at March 31, 2023	Outstanding for the following periods from the due date of payment				Total
	Less than 1 years	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	83	-	-	-	83
Total outstanding dues of creditors other than micro enterprises and small enterprises	900	-	12	-	912
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Provision for expenses	-	-	-	-	6,057
	983	**-**	**12**	**-**	**7,052**

As at March 31, 2022	Outstanding for the following periods from the due date of payment				Total
	Less than 1 years	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	79	-	-	-	79
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,141	13	1	20	1,175
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-
Provision for expenses	-	-	-	-	4,818
	1,220	**13**	**1**	**20**	**6,072**

Terms and conditions of above trade payables:

(i) Trade payables are non-interest bearing and are normally settled on 0 to 90 days terms

(ii) For explanation of Group's liquidity risk - refer note 36 (D)

(iii) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 - refer below note

Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006

Particulars	March 31, 2023	March 31, 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
Principal amount due to micro and small enterprises	83	79
Interest due on the above	3	-
(i) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(ii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(iii) The amount of interest accrued and remaining unpaid at the end of each accounting year	3	-
(iv) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	3	-

24 Other Liabilities

	March 31, 2023	March 31, 2022
Current		
Statutory dues payable	2,229	2,223
Other payables	146	203
	2,375	**2,426**

25 Revenue from Contract with Customers

	For the year ended	
	March 31, 2023	March 31, 2022
Sale of service	1,42,605	1,09,314
Sale of licenses (net)	324	51
	1,42,929	**1,09,365**

25.1 Disaggregated Revenue Information

Segment	For the year ended March 31, 2023			
	Infrastructure Management & Security Services	Digital Business Services	Product Engineering Services	Total
Revenue from contract with customers	30,694	43,070	69,165	1,42,929
Total revenue from contracts with customers	**30,694**	**43,070**	**69,165**	**1,42,929**
India	10,941	4,936	7,171	23,048
Outside India	19,753	38,134	61,994	1,19,881
Total revenue from contracts with customers	**30,694**	**43,070**	**69,165**	**1,42,929**
Timing of revenue recognition				
Licenses transferred at a point in time	316	1	7	324
Fixed price project - services transferred over time	13,813	17,677	3,940	35,430
Time and material - services transferred over time	16,565	25,392	65,218	1,07,175
Total revenue from contracts with customers	**30,694**	**43,070**	**69,165**	**1,42,929**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

Segment	For the year ended March 31, 2022			
	Infrastructure Management & Security Services	Digital Business Services	Product Engineering Services	Total
Revenue from contract with customers	24,168	32,887	52,310	1,09,365
Total revenue from contracts with customers	**24,168**	**32,887**	**52,310**	**1,09,365**
India	8,821	8,099	3,674	20,594
Outside India	15,347	24,788	48,636	88,771
Total revenue from contracts with customers	**24,168**	**32,887**	**52,310**	**1,09,365**
Timing of revenue recognition				
Licenses transferred at a point in time	22	28	-	50
Fixed price project - services transferred over time	11,331	12,610	3,906	27,847
Time and material - services transferred over time	12,815	20,249	48,404	81,468
Total revenue from contracts with customers	**24,168**	**32,887**	**52,310**	**1,09,365**

25.2 Contract Balances

	For the year ended	
	March 31, 2023	March 31, 2022
Trade receivables	21,319	16,738
Unbilled revenue	10,532	8,730
Contract assets	1,660	1,934
Contract liability	1,157	1,346

25.3 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

	For the year ended	
	March 31, 2023	March 31, 2022
Revenue as per contract price	1,43,413	1,10,018
Discount	(484)	(653)
Revenue from contract with customers	**1,42,929**	**1,09,365**

The Group has applied practical expedient as given in Ind AS 115 for not disclosing the remaining performance obligation for contracts that have original expected duration of one year or lesser. The Group have fixed price contracts for a period of more than one year, the remaining performance obligation for these contracts is ₹ 4,953 lakhs (March 31, 2022: ₹ 8,488 lakhs). The revenue for remaining performance obligation is expected to be recognised over period of 1-3 years (March 31, 2022: 1-3 years).

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

26 Other Income

	For the year ended	
	March 31, 2023	March 31, 2022
Interest income on:		
Deposits with bank	2,568	507
Income tax refund	-	46
Financial instrument measured at amortised cost	42	83
	2,610	**636**
Fair value gain on investment measured at FVTPL	-	368
Gain on sale of investments measured at FVTPL	803	1,377
Exchange gain	(1,433)	786
Loss on property, plant and equipment sold / scrapped, net	-	10
Rent concession - refer note (i) below	71	323
Insurance claim - refer note (ii) below	-	200
Miscellaneous income	60	10
	(499)	**3,074**
	2,111	**3,710**

(i) During the year ended March 31, 2023 and March 31, 2022, there is a rent concession allowed as a direct consequence of the Covid-19 pandemic. Rent concession has resulted in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change. Reduction in lease payments affect only payments originally due on or before the June 30, 2022 (revised from earlier period of June 30,2021) and there is no substantive change to other terms and conditions of the lease. As a practical expedient, the Group has elected not to assess rent concession as a lease modification. The Group has accounted the change in lease payments resulting from rent concession in the same way as it would account for the change under Ind AS 116, if the change were not a lease modification.

(ii) An American national and an ex-employee on September 9, 2019 had filed a class-action complaint against the Parent before the United States District Court, Northern District of California, San Jose Division, alleging that the Parent engaged in discriminatory employment practices. During the adjudication process, the Court felt that the matter could be resolved through mediation and directed the parties to go in for an mediation/ settlement. The parties concluded a settlement of ₹200 lakhs during year ended March 2021. During the quarter ended June 30, 2021, the Company received reimbursements from the insurance company covering settlement and related expenses amounting to ₹200 lakhs which has been presented under 'Other Income'.

27 Employee Benefits Expense

	For the year ended	
	March 31, 2023	March 31, 2022
Salaries, wages and bonus	74,999	57,598
Contribution to provident fund	3,768	2,839
Employee stock compensation expense - refer note 43	120	300
Gratuity expense - refer note 34	559	518
Compensated absences	831	607
Staff welfare expenses	404	138
	80,681	**62,000**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

28 Depreciation and Amortisation Expense

	For the year ended	
	March 31, 2023	March 31, 2022
Depreciation of property, plant and equipment - refer note 3	248	71
Amortisation of intangible assets - refer note 4	1,417	970
Depreciation of right-of-use assets - refer note 5	2,526	2,247
	4,191	**3,288**

29 Finance Costs

	For the year ended	
	March 31, 2023	March 31, 2022
Interest expense on:		
Borrowings	1,548	343
Non convertible debenture	10	-
Lease liabilities - refer note 19	544	487
Unwinding of interest in contingent consideration	84	165
	2,186	**995**

30 Other Expenses

	For the year ended	
	March 31, 2023	March 31, 2022
Power and fuel	441	204
Subcontractor charges	14,916	14,056
Repairs and maintenance		
- Buildings	186	107
- Equipments	45	24
- Others	364	246
Rent expenses - refer note (ii) below	349	284
Advertising and business promotion expenses	655	282
Commission	46	99
Communication costs	234	278
Insurance	118	48
Legal and professional fees	550	473
Audit fees - refer note (i) below	88	67
Loss on property, plant and equipment sold / scrapped, net	1	-
Software license cost	3,946	2,429
Rates and taxes	55	96
Recruitment charges	982	916
Impairment loss allowance on trade receivables	(59)	101
Impairment loss allowance on unbilled revenue	59	88
Sitting fees to non-executive directors - refer note 38	43	54
Commission to non-executive directors - refer note 38	37	26
Corporate social responsibility ('CSR') expenditure - refer note 39	336	215
Travelling and conveyance	2,366	893
Postage and courier	86	94
Training expense	379	248
Miscellaneous expenses	139	270
	26,362	**21,598**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

(i) Payment to auditors:

	For the year ended	
	March 31, 2023	March 31, 2022
As auditor:		
Audit fee	85	65
In other capacity		
Certification fees	-	-
Reimbursement of expenses	3	2
	88	**67**

31 Exceptional Items

	For the year ended	
	March 31, 2023	March 31, 2022
Fair valuation loss on contingent consideration	634	609
	634	**609**

The Group had acquired 100% voting interest in Happiest Minds Inc. (erstwhile PGS Inc.) vide definitive agreements signed on January 27, 2021, for a total recorded consideration of US $ 13.31 million (₹ 9,720 lakhs), comprising cash consideration of US $ 8.25 million (₹ 6,025 lakhs) and fair-valued contingent consideration in the form of warrants of US $ 5.06 million (₹ 3,696 lakhs) payable over the next 3 years. The contingent consideration was classified as a financial liability within the scope of Ind AS 109 'Financial Instruments' and was measured at fair value. Ind AS 109 mandates that any subsequent changes in such fair value will have to be recognized in the statement of profit and loss. The Group carried out a fair valuation during the year and there was increase in the liability basis increasing expectation of payout. The said increase amounting to ₹ 634 (March 31, 2022 : ₹ 609 lakhs) has been recognised in the statement of profit and loss and disclosed as 'Exceptional Item'.

32 Income Tax Expense

	For the year ended	
	March 31, 2023	March 31, 2022
a) Statement of profit and loss		
Current tax	8,508	6,266
Adjustment of tax relating to earlier periods	-	44
Deferred tax credit	(621)	155
Income tax expense	**7,887**	**6,465**
b) Statement of other comprehensive income		
On net movement on effective portion of cash flow hedges	159	80
On re-measurement losses on defined benefit plans	39	24
On net loss on equity instruments carried at fair value through OCI	74	-
	272	**104**
Reconciliation of tax expense and tax based on accounting profit:		
Profit before income tax expense	30,986	24,585
Tax at the Indian tax rate of 25.17% (March 31, 2022 : 25.17%)	7,799	6,188
Tax effect of:		
Adjustment of tax relating to earlier periods	-	44
Expenses not deductible	95	242
Difference in tax rates	(101)	(49)
Others	94	40
Income tax expense	**7,887**	**6,465**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

33 Earnings per Share ['EPS']

The following reflects the income and share data used in the basic and diluted EPS computations:

	For the year ended	
	March 31, 2023	March 31, 2022
Profit after tax attributable to equity holders of the Parent (a) (₹ in lakhs)	23,099	18,120
Weighted average number of shares outstanding during the year for basic EPS (b)	14,31,81,324	14,11,64,508
Weighted average number of shares outstanding during the year for diluted EPS (c)	14,42,60,047	14,44,10,568
Basic Earning per share (in ₹) (a/b)	16.13	12.84
Diluted Earnings per share (in ₹) (a/c)	16.01	12.55
Equity shares reconciliation for EPS		
Equity shares outstanding	14,31,81,324	14,11,64,508
Total considered for Basic EPS	**14,31,81,324**	**14,11,64,508**
Add: ESOP options	10,78,723	32,46,060
Total considered for diluted shares	**14,42,60,047**	**14,44,10,568**

34 Employee Benefits Plan

(i) Defined contribution plans - Provident Fund

The Group makes contributions for qualifying employees to Provident Fund and other defined contribution plans. During the year, the Group recognised ₹ 3,768 lakhs (March 31, 2022 : ₹ 2,839 lakhs) towards defined contribution plans.

(ii) Defined benefit plans (funded):

The Group provides for gratuity for employees in India as per the Payment of Gratuity (Amendment) Act, 2018. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The Gratuity plan of the Group is funded with qualifying life insurance Company.

Gratuity is a defined benefit plan and Group is exposed to the following risks:

Interest risk	A decrease in the bond interest rate will increase the plan liability.
Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.
Longevity risk	Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.
Concentration risk	Plan is having a concentration risk as all the assets are invested with the insurance company.

	March 31, 2023	March 31, 2022
Current	-	-
Non-current	2,466	1,858
	2,466	**1,858**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

The following table sets out movement in defined benefits liability and the amount recognised in the financial statements:

Changes in the defined benefit obligation and fair value of plan assets for the year ended March 31, 2023:

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 1, 2022	**2,430**	**572**	**1,858**
Acquisition of subsidiary - refer note 44	380	124	256
Current service cost	453	-	453
Net interest expense	140	34	106
Total amount recognised in statement of profit and loss	**593**	**34**	**559**
Benefits paid	(253)	(247)	(6)
Remeasurement			
Return on plan assets	-	(5)	5
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	(155)	-	(155)
Experience adjustments	304	-	304
Total amount recognised in other comprehensive income	**149**	**(5)**	**154**
Contributions by employer	-	355	(355)
As at March 31, 2023	**3,299**	**833**	**2,466**

Changes in the defined benefit obligation and fair value of plan assets for the year ended March 31, 2022:

	Defined benefit obligation (A)	Fair value of plan assets (B)	Net amount (A-B)
As at April 1, 2021	**1,997**	**104**	**1,893**
Current service cost	413	-	413
Net interest expense	111	6	105
Total amount recognised in statement of profit and loss	**524**	**6**	**518**
Benefits paid	(188)	(188)	-
Remeasurement			
Return on plan assets	-	-	-
Actuarial changes arising from changes in demographic assumptions	(138)	-	(138)
Actuarial changes arising from changes in financial assumptions	(21)	-	(21)
Experience adjustments	256	-	256
Total amount recognised in other comprehensive income	**97**	**-**	**97**
Contributions by employer	-	650	(650)
As at March 31, 2022	**2,430**	**572**	**1,858**

The major categories of plan assets of the fair value of the total plan assets are as follows:

	March 31, 2023	March 31, 2022
Insurance fund	833	572
Total	**833**	**572**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

The principal assumptions used in determining gratuity benefit obligations for the Group's plans are shown below:

	March 31, 2023	March 31, 2022
Discount rate	7.29% - 7.41%	5.66%
Expected return on plan assets	7.29% - 7.41%	5.66%
Future salary increases	5% p.a. - 8% p.a	8.00 % p.a.
Employee turnover	10% - 25%	25.00%
Mortality	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)

A quantitative sensitivity analysis for significant assumptions are as shown below:

	Sensitivity Level	March 31, 2023		March 31, 2022	
		Defined benefit obligation on increase/decrease in assumptions			
		Increase	Decrease	Increase	Decrease
Discount rate	1% increase / decrease	(92)	100	(76)	83
Future salary increase	1% increase / decrease	96	(92)	79	(75)
Attrition rate	1% increase / decrease	(18)	18	(20)	21

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance Sheet.

The following payments are expected cash flows to the defined benefit plan in future years:

Expected contributions to defined benefits plan for the year ended March 31, 2023 is ₹ 462 lakhs (March 31, 2022 : ₹ 240 lakhs). The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 4 to 8 years (March 31, 2022: 4 years). The expected maturity analysis of undiscounted gratuity is as follows:

	March 31, 2023	March 31, 2022
Within the next 12 months	651	511
Between 2 and 5 years	1,918	1,381
Between 6 and 10 years	1,166	760
Beyond 10 years	775	351

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

35 Fair Value Measurement

i) The carrying value of financial assets by categories is as follows:

	March 31, 2023	March 31, 2022
Measured at Fair Value Through Other Comprehensive Income (FVOCI)		
Foreign currency forward contracts	166	249
Cross currency interest rate swap	363	-
Investment in Tech4TH Solutions Inc.	1,296	762
Total financial assets measured at FVOCI	**1,825**	**1,011**
Measured at Fair Value Through Statement of Profit and Loss (FVTPL)		
Investment in mutual funds	-	46,400
Total financial assets measured at FVTPL	**-**	**46,400**
Measured at amortised cost		
Security deposits	747	728
Loans to employees	64	4
Other financial assets	20,350	10,255
Trade receivables	21,319	16,738
Bank and bank balance other than cash and cash equivalents	62,184	10,071
Cash and cash equivalents	6,999	6,729
Total financial assets measured at amortised cost	**1,11,663**	**44,525**
Total financial assets	**1,13,488**	**91,936**

ii) The carrying value of financial liabilities by categories is as follows:

	March 31, 2023	March 31, 2022
Measured at fair value through other profit or loss (FVTPL)		
Contingent consideration	4,233	2,758
Total financial liabilities measured at FVTPL	**4,233**	**2,758**
Measured at fair value through other comprehensive income (FVOCI)		
Foreign currency forward contracts	267	60
Cross currency interest rate swap	704	-
Total financial liabilities measured at FVOCI	**971**	**60**
Measured at amortised cost		
Foreign currency term loan	13,856	3,793
Redeemable non-convertible debentures	4,500	-
Foreign currency loan (PCFC)	21,280	15,271
Bank Overdraft	7,119	-
Lease liabilities	6,620	5,911
Trade payables	7,052	6,072
Other financial liabilities	4,220	4,261
Total financial liabilities measured at amortised cost	**64,647**	**35,308**
Total financial liabilities	**69,851**	**38,126**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

iii) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
	March 31, 2023			
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	166	-	166
Cross currency interest rate swap	-	363	-	363
Investment in Tech4TH Solutions Inc.	-	-	1,296	1,296
Total financial asset measured at fair value	**-**	**529**	**1,296**	**1,825**
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	267	-	267
Cross currency interest rate swap	-	704	-	704
Measured at fair value through statement of profit and loss (FVTPL)				
Contingent consideration	-	-	4,233	4,233
Total financial liabilities measured at fair value	**-**	**971**	**4,233**	**5,204**

	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
	March 31, 2022			
Financial assets and liabilities measured at fair values				
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	249	-	249
Investment in Tech4TH Solutions Inc.	-	-	762	762
Measured at fair value through statement of profit and loss (FVTPL)				
Investment in mutual funds	46,400	-	-	46,400
Total financial asset measured at fair value	**46,400**	**249**	**762**	**47,411**
Measured at fair value through other comprehensive income (FVOCI)				
Foreign currency forward contracts	-	60	-	60
Measured at fair value through statement of profit and loss (FVTPL)				
Contingent consideration	-	-	2,758	2,758
Total financial liabilities measured at fair value	**-**	**60**	**2,758**	**2,818**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

Notes:

The fair value of the financial assets and liabilities are measured at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

a) In respect of investments in mutual funds, the fair value represents net assets value (NAV) as stated by the fund house in their published statements.

b) The fair valuation of Investment in Tech4TH Solutions Inc. is determined on the reporting date by discounted cash flow method which requires management to make certain assumptions with regard to revenue growth rate, cash flows, discount rate, credit risk, volatility etc. The Group carries out the fair valuation on an annual basis.

c) The Group has entered into foreign currency forward contract and Cross currency interest rate swap(CCIRS) to hedge the highly probable forecast transactions. The derivative financial instrument is entered with the financial institutions with investment grade ratings. Foreign exchange forward contracts and CCIRS are valued based on valuation models which include use of market observable inputs. The mark to market valuation is provided by the financial institution as at reporting date. The valuation of derivative contracts are categorised as level 2 in fair value hierarchy disclosure.

d) The management assessed that cash and cash equivalent, trade receivables, trade payables, other financial assets(current), other financial liability (current), bank overdraft and cash credit, lease liabilities (current) and loans to employees approximates their fair value largely due to short-term maturities of these instruments. Further the management also estimates that the carrying amount of foreign currency term loan at fixed interest rates are the reasonable approximation of their fair value and the difference between carrying amount and their fair value is not significant.

e) The Group has value contingent consideration by using the monte carlo simulation approach.

f) The fair value of remaining financial instruments are determined on transaction date based on discounted cash flows calculated using lending/ borrowing rate. Subsequently, these are carried at amortized cost. The carrying amount of the remaining financial instruments are the reasonable approximation of their fair value.

For financial assets carried at fair value, their carrying amount are equal to their fair value.

iv) Valuation Inputs and relationship to fair value

	Level 3 inputs	Weighted range	Sensitivity
	March 31, 2023		
Contingent consideration (Acquisition of SMI)	Standard deviation on revenue and EBIDTA growth	5%	Increase and decrease in standard deviation by 1% would decrease and increase contingent consideration by ₹ 96 lakhs and ₹ 10 lakhs respectively.
	Discount rate	7.34%	Increase and decrease in discount rate by 1% would decrease and increase contingent consideration by ₹ 36 lakhs and ₹ 35 lakhs respectively.
Contingent consideration (Acquisition of PGS Inc)	Discount rate	4.41%	Increase and decrease in discount rate by 1% would (decrease)/ increase contingent consideration by ₹ 17 lakhs .
Investment in Tech4TH	Discount rate	20%	Increase and decrease in discount rate by 1% would decrease and increase fair value by ₹ 117 lakhs and ₹ 133 lakhs respectively.
	Long term growth rate	3%	Increase and decrease in long term growth rate by 1% would increase and decrease fair value by ₹ 68 lakhs and ₹ 61 lakhs respectively.
	EBIDTA margin	5%- 20%	Increase and decrease in EBIDTA margin by 1% would increase/ (decrease) fair value by ₹ 92 lakhs.
	Revenue growth rate	20%- 51%	Increase and decrease in revenue growth rate by 5% would increase and decrease fair value by ₹ 191 lakhs and ₹ 171 lakhs respectively.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

	Level 3 inputs	Weighted range	Sensitivity
	March 31, 2023		
Contingent consideration (Acquisition of PGS Inc.)	Standard deviation on revenue and EBIDTA growth	5%	Increase and decrease in standard deviation by 1% would decrease and increase contingent consideration by ₹ 131 lakhs and ₹ 170 lakhs respectively.
	Discount rate	3%	Increase and decrease in discount rate by 1% would decrease and increase contingent consideration by ₹ 38 lakhs and ₹ 39 lakhs respectively.

v) Reconciliation of Contingent consideration measured at FVTPL

	March 31, 2023	March 31, 2022
As at April 1	**2,758**	**3,731**
Acquisition of subsidiary - refer note 44	2,562	-
Amount recognised in profit and loss statement - refer note 29 and 31	718	774
Settlement during the year	(2,034)	(1,861)
Foreign currency translation reserve	229	114
As at March 31	**4,233**	**2,758**

Reconciliation of Investment in Tech4TH Solutions Inc. measured at FVOCI

	March 31, 2023	March 31, 2022
As at April 1	**762**	**-**
Investment during the period	827	762
Change in fair value recognised in other comprehensive income	(351)	-
Foreign currency translation reserve	58	-
As at March 31	**1,296**	**762**

36 Financial Risk Management

The Group's principal financial liabilities comprise of borrowings, lease obligation, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include security deposits, investments, trade and other receivables and cash and cash equivalents that is derived directly from its operations. The Group also enters into derivative transactions for hedging purpose.

The Group's activities exposes it to market risk, liquidity risk and credit risk. The Group's risk management is carried out by the management under the policies approved of the Board of Directors that help in identification, measurement, mitigation and reporting all risks associated with the activities of the Group. These risks are identified on a continuous basis and assessed for the impact on the financial performance. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

i. Foreign currency risk

The group's operates in various geographies and is exposed to foreign exchange risk on its various currency exposures. The risk of changes in foreign exchange rates relates primarily to the group's operating activities.

The group uses foreign currency forward contract and CCIRS governed by its board approved policy to mitigate its foreign currency risk that are expected to occur within the period for forecasted sales. The counterparty for these contracts is generally a reputed scheduled bank. The group reports quarterly to a committee of the board, which monitors foreign exchange risks and policies implemented to manage its foreign exchange exposures.

When a derivative is entered into for the purpose of being a hedge, the group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of sale that is denominated in the foreign currency.

Hedge effectiveness is determined at inception and periodic prospective effectiveness testing is done to ensure the relationship exist between the hedged items and hedging instruments, including whether the hedging instruments is expected to offset changes in cash flows of hedge items.

a) The Group's exposure to non-derivative financial instruments in foreign currency at the end of reporting period :

Currency	Particulars	March 31, 2023		March 31, 2022	
		FC	₹	FC	₹
USD	**Financial assets**				
	Trade receivables	198	16,296	142	10,796
	Loans	32	2,627	30	2,277
	Other financial assets	106	8,683	87	6,602
	Bank accounts	39	3,198	46	3,506
	Net exposure on foreign currency risk (assets)	**375**	**30,804**	**305**	**23,181**
	Financial liability				
	Borrowings	282	23,163	252	19,092
	Trade payables	30	2,479	7	530
	Other financial liabilities	6	502	20	1,553
	Other liabilities	5	378	9	667
	Net exposure on foreign currency risk (liabilities)	**323**	**26,522**	**288**	**21,842**
	Net exposure on foreign currency risk (assets-liabilities)	**52**	**4,282**	**17**	**1,339**

Currency	Particulars	March 31, 2023		March 31, 2022	
		FC	₹	FC	₹
EURO	**Financial assets**				
	Trade receivables	10	859	7	627
	Other financial assets	7	588	6	543
	Bank accounts	5	468	10	838
	Other assets	*	3	-	-
	Net exposure on foreign currency risk (assets)	**22**	**1,918**	**23**	**2,008**
	Financial liability				
	Trade payables	*	*	1	52
	Other liabilities	1	63	*	13
	Net exposure on foreign currency risk (liabilities)	**1**	**63**	**1**	**65**
	Net exposure on foreign currency risk (assets-liabilities)	**21**	**1,855**	**22**	**1,943**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

Currency	Particulars	March 31, 2023 FC	March 31, 2023 ₹	March 31, 2022 FC	March 31, 2022 ₹
GBP	**Financial assets**				
	Trade receivables	6	598	6	568
	Loans	-	-	*	7
	Other financial assets	3	354	5	452
	Bank accounts	2	208	4	422
	Other assets	*	16	-	-
	Net exposure on foreign currency risk (assets)	**11**	**1,176**	**15**	**1,449**
	Financial liability				
	Trade payables	2	162	-	-
	Other financial liabilities	2	212	4	360
	Other liabilities	1	112	1	121
	Net exposure on foreign currency risk (liabilities)	**5**	**486**	**5**	**481**
	Net exposure on foreign currency risk (assets-liabilities)	**6**	**690**	**10**	**968**

The Group enters into derivative financial instruments such as foreign currency forward contracts and Cross currency interest rate swaps to mitigate the risk of changes in exchange rates. Details of the derivative contracts held by the Group are included in Note 36(B).

* Represents number below rounding off norms of the Company.

b) The sensitivity of profit or loss to changes in foreign exchange rates arising mainly from foreign currency denominated financial instrument:

	Impact on profit before tax	
	March 31, 2023	March 31, 2022
USD sensitivity		
₹/ USD increases by 5%	214	67
₹/ USD decreases by 5%	(214)	(67)
EURO sensitivity		
₹/ EURO increases by 5%	93	97
₹/ EURO decreases by 5%	(93)	(97)
GBP sensitivity		
₹/ GBP increases by 5%	35	48
₹/ GBP decreases by 5%	(35)	(48)

* Sensitivity is calculated holding all other variables constant

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

ii. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Redeemable Non-convertible debenture (NCD)s with floating interest rates'. The Group was not exposed to interest rate risk as at March 31, 2022 since all its financial assets or liabilities were either non-interest bearing or are at fixed interest rate and are carried at amortised cost.

Sensitivity:

The impact of change in interest rate by +/- 50 basis point have an immaterial impact on the profit before tax of the Group. Hence, the sensitivity has not been disclosed.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

iii. Price Risk

The Group exposure to price risk arises for investment in mutual funds and Tech4TH Solutions Inc. held by the Group. To manage its price risk arising from investments in mutual funds, the Group diversifies its portfolio. The Group doesn't have any investment in mutual fund as at March 31, 2023.

Sensitivity:

The sensitivity of profit or loss to change in Net assets value(NAV) as at year end for investment in mutual funds.

	Impact on profit before tax	
	March 31, 2023	March 31, 2022
NAV increases by 5%	-	2,320
NAV decreases by 5%	-	(2,320)

Refer note 35 (iv) for sensitivity disclosure of investment in Tech4TH Solutions Inc.

B) Impact of Hedge activities

(i) The following provides the details of hedging instrument and its impact on balance sheet

	March 31, 2023					
	Maturity	Currency	Notional Amount (Foreign Currency)	Contracted amount in ₹	Line item in the balance sheet	Fair value* gain/(loss)
Cash flow hedge of Foreign currency risk (for highly probable forecast transactions)						
- Foreign currency forward contracts	< 1 year	₹/USD	520	43,094	Other financial assets/(liabilities)	(29)
- Foreign currency forward contracts	< 1 year	₹/EURO	25	2,209	Other financial assets/(liabilities)	(72)
- Cross currency interest rate swaps	<1 year	₹/USD	9	713	Other financial assets/(liabilities)	(341)
	1-5 year	₹/USD	52	4,167	Other financial assets/(liabilities)	
	> 5year	₹/USD	90	7,150	Other financial assets/(liabilities)	

* represents the impact of mark to market value at year end.

	March 31, 2022					
	Maturity	Currency	Notional Amount (Foreign Currency)	Contracted amount in ₹	Line item in the balance sheet	Fair value* gain/(loss)
Cash flow hedge Foreign currency risk (for highly probable forecast transactions)						
- Foreign currency forward contracts	< 1 year	₹/USD	505	38,970	Other financial assets/(liabilities)	154
- Foreign currency forward contracts	< 1 year	₹/EURO	9	811	Other financial assets/(liabilities)	35

* represents the impact of mark to market value at year end.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

(ii) The effect of cash flow hedge in hedge reserve and statement of profit and loss:

	Foreign currency forward contracts	Cross currency interest rate swaps	Total
Balance as at April 1, 2021	**379**	**-**	**379**
Hedge gain/(loss) recognised in Other Comprehensive Income (OCI)	189	-	189
Amount reclassified from OCI to statement of profit and loss	(505)	-	(505)
Income tax effect	80	-	80
Balance as at March 31, 2022	**143**	**-**	**143**
Hedge gain/(loss) recognised in Other Comprehensive Income (OCI)	(101)	(341)	(442)
Amount reclassified from OCI to statement of profit and loss	(190)	-	(190)
Income tax effect	73	86	159
Balance as at March 31, 2023	**(75)**	**(255)**	**(330)**

Amounts reclassified from the OCI is recognised in foreign exchange gain or loss in Statement of Profit and Loss.

C) Credit risk

Credit risk is the risk that counter party will not meet its obligations under a financial instruments or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables, unbilled revenue and contract assets) and from its investing activities and from investing activities (primarily deposits with banks).

Revenue from one customer comprises around 13% of the total revenue of the Group. The remaining revenue of the Group is spread across wide range of customers. For receivables turnover ratio, refer note 45.

(i) Trade receivables, Unbilled Revenue and Contract Assets.

Trade receivables, unbilled revenue and contract assets are typically unsecured and derived from revenue from contracts with customers. Customer credit risks is managed by each business units subject to Group's policy and procedures which involves continuously monitoring the credit worthiness of customers to which the Group grants credits in the normal course of business. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. Under the simplified approach, the Group does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime Expected Credit Losses (ECLs) at each reporting date, right from initial recognition. The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix takes into account available external and internal credit risk factors and the Group's historical experience with customers. Ageing of trade receivables and the provision in books for trade receivables:

	Not due	1-180 days	181-365 days	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2023							
Trade receivables	14,955	6,420	389	307	14	15	**22,100**
Unbilled Revenue							**12,471**
Allowance for expected loss							**(1,060)**
Net Trade receivables	**14,955**	**6,420**	**389**	**307**	**14**	**15**	**33,511**
As at March 31, 2022							
Trade receivables	13,346	3,714	484	448	130	126	18,248
Unbilled Revenue							10,884
Allowance for expected loss							(1,730)
Net Trade receivables	**13,346**	**3,714**	**484**	**448**	**130**	**126**	**27,402**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

Reconciliation of loss allowance - trade receivables	March 31, 2023	March 31, 2022
Opening balance as at April, 1	(1,510)	(1,401)
Allowance made during the year (net) - refer note 30	59	(101)
Utilised/written-off during the year	709	-
Exchange difference	(39)	(8)
Closing balance as at March, 31	**(781)**	**(1,510)**

Reconciliation of loss allowance - unbilled revenue and other financial assets	March 31, 2023	March 31, 2022
Opening balance as at April, 1	(221)	(133)
Allowance made during the year - refer note 30	(59)	(88)
Closing balance as at March, 31	**(280)**	**(221)**

(ii) Other financial assets and cash deposit

Credit risk from balances with the banks, loans, investments in mutual funds and other financial assets are managed by the Group based on the Group policy and is managed by the Group's Treasury Team. Investment of surplus fund is made only with approved counterparties. The Group's maximum exposure to credit risk is the carrying amount of such assets as disclosed in note 36 above.

D) Liquidity Risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective it to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its position and maintains adequate source of financing.

The Group has access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2023	March 31, 2022
RBL Bank Limited	105	2,233
Kotak Mahindra Bank Limited	241	725
HDFC Bank Limited	-	1,000
Federal Bank Limited	35	37
ICICI Bank Limited	1,139	2,234
Axis Bank Ltd	199	-
State Bank of India	7,881	-
	9,600	**6,229**

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

	On demand	Less than 1 year	More than 1 year	Total
As at March 31, 2023				
Borrowings (including current maturities)	7,119	28,371	11,322	46,812
Lease liabilities	-	2,364	5,374	7,738
Trade payables	-	7,052	-	7,052
Foreign currency forward contracts	-	267	704	971
Contingent consideration	-	3,243	1,471	4,714
Other financial liabilities #	-	5,739	4,294	10,033
	7,119	**47,036**	**23,165**	**77,320**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

	On demand	Less than 1 year	More than 1 year	Total
As at March 31, 2022				
Borrowings (including current maturities)	-	17,355	1,737	19,092
Lease liabilities	-	2,264	4,769	7,033
Trade payables	-	6,072	-	6,072
Foreign currency forward contracts	-	60	-	60
Contingent consideration	-	1,895	1,705	3,600
Other financial liabilities #	-	4,385	26	4,411
	-	**32,031**	**8,237**	**40,268**

Includes future interest payable on outstanding borrowings.

37 Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital, convertible preference shares, securities premium and all other equity reserves. The primary objective of the Group's capital management is to maintain a strong capital base to ensure sustained growth in business and to maximize the shareholders value. The capital management focuses to maintain an optimal structure that balances growth and maximizes shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents. The Group's gearing ratio, which is net debt divided by total capital plus net debt is as below:

	March 31, 2023	March 31, 2022
Borrowings (including current maturities)	46,755	19,064
Less : Cash and cash equivalents	(6,999)	(6,729)
Net (cash and cash equivalents)/debt (A)	**39,756**	**12,335**
Equity	83,882	66,580
Total equity capital (B)	**83,882**	**66,580**
Total debt and equity (C)=(A)+(B)	**1,23,638**	**78,915**
Gearing ratio (A)/(C)	**32%**	**16%**

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023 and March 31, 2022.

During the year the group has not defaulted in any loan covenants.

38 Related Party Disclosure

(i) List of related parties and relationship

Key management personnel (KMP)	1. Mr. Ashok Soota (Executive Chairman)
	2. Mr. Venkatraman Narayanan (Managing Director and CFO)
	3. Mr. Joseph Vinod Anantharaju (Director)
	4. Mr. Praveen Darshankar (Company Secretary)
	5. Mrs. Anita Ramachandran (Independent director)
	6. Mr. Rajendra Kumar Srivastava (Independent director)
	7. Mrs. Shuba Rao Mayya (Independent director)
Relatives of KMP	1. Mr. Suresh Soota
	2. Mr. Deepak Soota
	3. Ms. Kunku Soota
	4. Mrs. Usha Samuel
	5. Mrs. Jayalakshmi Venkatraman
Entities under the control of KMP	SKAN Research Trust
	Happiest Health Systems Private Limited
	Ashok Soota Medical Research LLP
	Ashok Soota Medical Research LLP
Post employment benefit plan (PEBP)	Happiest Minds Technologies Ltd. Employees group gratuity trust

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

a) The following table is the summary of significant transactions with related parties by the Group:

		March 31, 2023	March 31, 2022
(i)	**Sale of service**		
	SKAN Research Trust	296	7
	Ashok Soota Medical Research LLP	42	5
	Happiest Health Systems Private Limited	811	68
(ii)	**Director's sitting fees:**		
	Mrs. Anita Ramachandran	16	22
	Mr. Rajendra Kumar Srivastava	9	11
	Mrs. Shuba Rao Mayya	18	21
(iii)	**Commission to directors**		
	Mrs. Anita Ramachandran	9	3
	Mr. Rajendra Kumar Srivastava	21	19
	Mrs. Shuba Rao Mayya	7	4
(iii)	**Contribution made to post employee benefit plan:**		
	Happiest Minds Technologies Ltd. Employees group gratuity trust	355	650
(iv)	**Managerial remuneration# :**		
	Mr. Venkatraman Narayanan		
	Salary, wages and bonus	134	120
	Employee stock compensation expense	3	5
	Mr. Ashok Soota		
	Salary, wages and bonus	128	115
	Mr. Praveen Darshankar		
	Salary, wages and bonus	55	46
	Employee stock compensation expense	*	1
	Mr. Joseph Vinod Anantharaju		
	Salary, wages and bonus	389	330
	Employee stock compensation expense	4	8
	#As the liability for gratuity and compensated leave absences is provided on an actuarial basis for the Group as a whole, the amount pertaining to the directors are not included above.		
	* amount below rounding off norm of the Group		
v)	**Reimbursement of expenses received:**		
	SKAN Research Trust	*	3
	Happiest Health Systems Private Limited	*	3
vi)	**Dividend paid**		
	Mr. Joseph Vinod Anantharaju	17	20
	Mr. Ashok Soota	2,403	2,853
	Mr. Venkatraman Narayanan	20	24
	Ashok Soota Medical Research LLP	718	853
	Deepak Soota	2	2
	Suresh Soota	1	1
	Kunku Soota	1	2
	Usha Samuel	3	4
	Jayalakshmi Venkatraman	5	16
	Praveen Kumar Darshankar	2	3

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

b) The balances receivable from and payable to related parties are as follows :

		March 31, 2023	March 31, 2022
(i)	**Trade receivables:**		
	SKAN Research Trust	162	6
	Happiest Health Systems Private Limited	101	-
	Ashok Soota Medical Research LLP	5	-
(ii)	**Unbilled receivables:**		
	Happiest Health Systems Private Limited	45	67
	Ashok Soota Medical Research LLP	26	
	SKAN Research Trust	*	-
(iii)	**Trade Payables**		
	Mrs. Anita Ramachandran	9	3
	Mr. Rajendra Kumar Srivastava	21	19
	Mrs. Shuba Rao Mayya	7	4

* amount below rounding off norm of the Group.

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

39 Corporate Social Responsibility ('CSR') Expenditure

Details of CSR expenditure are as follows:

			March 31, 2023	March 31, 2022
(a)	Gross amount required to be spent by the Group during the year		322	205
(b)	Amount approved by the board to be spent during the year		336	215
(c)	Amount spent during the year ending on March 31, 2023 :	**In cash**	**Yet to be paid in cash**	**Total**
	i) Construction/ Acquisition of any asset	-	-	-
	ii) On purpose other than above	336	-	336
(d)	Amount spent during the year ending on March 31, 2022 :	**In cash**	**Yet to be paid in cash**	**Total**
	i) Construction/ Acquisition of any asset	-	-	-
	ii) On purpose other than above	215	-	215
(e)	Details related to spent/ unspent obligations:			
	i) Contribution to Public Trust		-	-
	ii) Contribution to Charitable Trust		336	215
	ii) Unspent amount in relation to:			
	- Ongoing project		-	-
	- Other than ongoing project		-	-
			336	**215**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

Details of Ongoing Project and other than Ongoing Project

In case of S. 135(6) (Ongoing Project)						
Opening balance		Amount required to be spent during the year	Amount spent during the year		Closing balance	
With Company	In Separate CSR unspent A/c		From Company's bank A/c	From separate CSR unspent A/c	With Company	In separate CSR unspent A/c
-	-	-	-	-	-	-

In case of S. 135(5) (Other than ongoing Project)				
Opening balance	Amount deposited in specified fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing balance
-	-	322	336	-

In case of S. 135(5) Excess amount spent			
Opening balance	Amount required to be spent during the year	Amount spent during the year	Closing balance
(21)	322	336	(35)

40 Interest in Other Entities

a) Subsidiary

The Group's subsidiary is set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group and proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business:

Name of entity	Principle activity	Country of Incorporation	Ownership interest held by the group % March 31, 2023	Ownership interest held by the group % March 31, 2022
Happiest Minds Inc. (formerly known as PGS Inc.)	IT Services	USA	100	100
Sri Mookambika Infosolutions Private Limited#	IT Services	India	100	Nil

\# Refer note 44

b) Additional information, as required under schedule III of the Companies Act, 2013, as required enterprises considered as subsidiary.

	March 31, 2023							
	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of Consolidated net assets	Amount	As a % of Consolidated profit or loss	Amount	As a % of Consolidated OCI	Amount	As a % of Consolidated TCI	Amount
Parent company								
Happiest Minds Technologies Ltd	98.5%	82,598	93.7%	21,637	162.2%	(566)	92.6%	21,071
Subsidiary								
Happiest Minds Inc. (formerly known as PGS Inc.)	(2.2%)	(1,836)	8.3%	1,926	79.4%	(277)	7.2%	1,649
Sri Mookambika Infosolutions Private Limited	3.0%	2,492	1.8%	405	6.6%	(23)	1.7%	382
Other adjustments:	0.7%	628	(3.8%)	(869)	(148.1%)	517	(1.5%)	(352)
Total	**100%**	**83,882**	**100%**	**23,099**	**100%**	**(349)**	**100%**	**22,750**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

	March 31, 2022							
	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of Consolidated net assets	Amount	As a % of Consolidated profit or loss	Amount	As a % of Consolidated OCI	Amount	As a % of Consolidated TCI	Amount
Parent company								
Happiest Minds Technologies Ltd	100.6%	66,974	102.9%	18,648	288.8%	(309)	101.8%	18,339
Subsidiary								
Happiest Minds inc. (formerly known as PGS Inc.)	(4.9%)	(3,252)	0.8%	141	0.0%	-	0.8%	141
Other adjustments:	4.3%	2,858	(3.7%)	(669)	(188.8%)	202	(2.6%)	(467)
Total	**100%**	**66,580**	**100%**	**18,120**	**100%**	**(107)**	**100%**	**18,013**

41 Commitments and Contingent Liabilities

i) Capital Commitments

	March 31, 2023	March 31, 2022
Capital commitments towards purchase of capital assets	904	638

ii) Other claims against the Company not provided for in the books

a) With respect to the License Agreement entered in June 2018 between the Parent and a customer, for providing software services, the customer terminated the agreement claiming non-satisfactory delivery of services and damages of ₹ 623 lakhs. The customer has also initiated arbitration proceedings which the Parent is currently contesting and is of the view that the claim is not tenable and accordingly no adjustments are made in the financial statements.

c) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution, the Group has taken cognizance of the matter on a prospective basis from the date of the SC order. The Group will update its provision, if any, required, on receiving further clarity on the subject.

d) The Group is also subject to certain other claims and suits that arise from time to time in the ordinary conduct of its business. While the Group currently believes that such claims, individually or in aggregate, will not have a material adverse impact on its financial position, cash flows, or results of operations, the litigation and other claims are subject to inherent uncertainties, and management's view of these matters may change in the future. Were an unfavourable final outcome to occur in any one or more of these matters, there exists the possibility of a material adverse impact on the Group's business, reputation, financial condition, cash flows, and results of operations for the period in which the effect becomes reasonably estimable.

42 Segment Information

A. Description of segments and principal activities

The Group executive management committee examines the Group's performance on the basis of its business units and has identified three reportable segments:

i) Infrastructure Management & Security Services (IMSS):

Infrastructure Management and Security Solutions (IMSS) group delivers integrated end-to-end infrastructure and security solutions with specialization in cloud, virtualization and mobility across a multitude of industry verticals and geographies. The group provides advisory, transformation, managed & hosted services and secure intelligence solutions to clients. This group has unique productized solution platforms for smart infrastructure and security solutions provides quick to deploy, mature service delivery over Global SOC/NOC.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

ii) Digital Business Services (DBS):

Digital Business Services group delivers enterprise applications and customised solutions that enable organizations to be smarter and accelerate business transformations. The group provides advisory, design & architecture, custom-app development, package implementation, testing and on-going support services to IT initiatives. The business drivers for these applications are: increasing market share, enhancing customer engagement, improving agility and efficiency of internal operations, reducing cost, driving differentiation and standardizing business processes.

iii) Product Engineering Services (PES):

Product Engineering Services group assists software product companies in building robust products and services that integrate mobile, cloud and social technologies. The group helps clients understand the impact of new technologies and incorporate these technologies into their product roadmap. This group focuses on technology depth, innovation and solution accelerators allows us to deliver time-to-market, growth and cost benefits to clients.

B. Segment revenue, segment results other information as at/ for the year:

Year ended March 31, 2023	IMSS	DBS	PES	Total
Revenue from contracts with customers				
External customers	30,694	43,070	69,165	1,42,929
Inter-segment	-	-	-	-
Segment revenue	**30,694**	**43,070**	**69,165**	**1,42,929**
Segment results	**9,243**	**13,089**	**28,113**	**50,445**
Reconciliation to profit after tax:				
Interest income				2,610
Net gain on investments carried at fair value through profit or loss				803
Other unallocable income				(1,302)
Unallocable finance cost				(2,102)
Unallocable depreciation and amortisation expenses				(4,191)
Other unallocable expenses				(15,277)
Tax				(7,887)
Profit for the year				**23,099**
Segment assets	6,420	19,590	34,452	60,462
Reconciliation to total assets:				
Investments				1,296
Derivative instruments				529
Other unallocable assets				1,01,796
Total				**1,64,083**
Segment liability	965	6,560	8,775	16,300
Reconciliation to total liabilities:				
Borrowings				44,885
Other unallocable liabilities				19,016
Total				**80,201**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

Year ended March 31, 2022	IMSS	DBS	PES	Total
Revenue from contracts with customers				
External customers	24,168	32,887	52,310	1,09,365
Inter-segment	-	-	-	-
Segment revenue	**24,168**	**32,887**	**52,310**	**1,09,365**
Segment results	**5,917**	**8,789**	**20,693**	**35,399**
Reconciliation to profit after tax:				
Interest income				636
Net gain on investments carried at fair value through profit or loss				1,745
Other unallocable income				1,329
Unallocable finance cost				(995)
Unallocable depreciation and amortisation cost				(3,288)
Other unallocable expenses				(10,241)
Tax				(6,465)
Profit for the year				**18,120**
Segment assets	7,202	19,140	12,632	38,974
Reconciliation to total assets:				
Investments				47,162
Derivative instruments				249
Other unallocable assets				26,116
Total				**1,12,501**
Segment liability	1,234	9,144	1,884	12,262
Reconciliation to total liabilities:				
Borrowings				19,064
Other unallocable liabilities				14,595
Total				**45,921**

Note

(i) Assets (other than accounts receivable and unbilled revenue) and liabilities (other than unearned revenue) of the Group are used interchangeably between segments, and the management believes that it can not be allocated to specific segment.

(ii) The expense / income that are not directly attributable and that cannot be allocated to a business segment on a reasonable basis are shown as unallocable expenses.

C. Entity-Wide Disclosures

i) The amount of revenue from external customers broken down by location of customers is shown below:

	For the year ended	
	March 31, 2023	March 31, 2022
India	22,982	20,594
USA	97,251	71,141
Europe	13,811	11,332
Others	8,885	6,298
	1,42,929	**1,09,365**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

ii) The break-up of non-current assets by location of assets is shown below:

	For the year ended	
	March 31, 2023	March 31, 2022
India	34,143	6,382
USA	9,278	9,412
UK	4	1
	43,425	**15,795**

Non-current assets for this purpose consists of Property, plant and equipment, intangible assets and right-of-use assets.

iii) Revenue from customers of the Group which is individually more than 10 percent of the Group's total revenue:

	For the year ended	
	March 31, 2023	March 31, 2022
One customer	13.05%	12.97%

43 Share Based Payments

Employee Share Option Plan (ESOP)

the Parent instituted the Employee Share Option Plan 2011 ("ESOP 2011") and Equity Incentive Plan 2011 ("EIP 2011") for eligible employees during the year ended March 2012 which was approved by the Board of Directors (Board) on October 18, 2011 and January 19, 2012 duly amended by the Board on January 22, 2015.

Besides the above plan, the Parent has also instituted Employee Share Option Plan 2014 ("ESOP 2014") duly approved by the Board on October 20, 2014 and by the shareholders on January 22, 2015. the Parent has also instituted Employee Share Option Plan 2015 ("ESOP 2015") duly approved by the Board on June 30, 2015 and by the shareholders on July 22, 2015. During year ended 2018, the Parent has amended ESOP 2014 and all options granted under ESOP 2014 be deemed to be granted under ESOP 2011 duly approved by the Board on October 25, 2017. The plans are separate for USA employees (working out of the United States America - "USA") and employees working outside USA. the Parent administers these plans. On April 29, 2020 the Board of the Parent approved Happiest Minds Employee Stock Option Scheme 2020 ("ESOP 2020") consisting of 70,00,000 equity shares. the Parent will henceforth issue grants under the ESOP 2020 only.

The contractual term of each option granted is 5-8 years.

Key features of these plans are provided in the below table:

Key Terms	ESOP 2011	ESOP 2014 / EIP 2011 for US Employees	ESOP 2015 / EIP 2011 for US Employees	ESOP 2020
Class of Share	Equity Shares (as amended vide board meeting held on April 26, 2017 and Annual general meeting held on July 31, 2017).	Pursuant to conversion of Class B Non-voting Equity Shares (entitled under ESOP 2014) to Equity shares (as amended vide board meeting held on April 26, 2017 and Annual general meeting held on July 31, 2017), the Board of Directors at its meeting held on October 25, 2017 approved the administration of options granted and shares allotted under erstwhile ESOP 2014 to ESOP 2011.	Equity Shares (as amended vide board meeting held on April 26, 2017 and Annual general meeting held on July 31, 2017).	Equity Shares (as amended vide board meeting held on April 29, 2020 and extra ordinary general meeting held on May 13, 2020).

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

Key Terms	ESOP 2011	ESOP 2014 / EIP 2011 for US Employees	ESOP 2015 / EIP 2011 for US Employees	ESOP 2020
Ownership	Legal Ownership		Legal Ownership	Legal Ownership
Vesting Pattern	Four-year vesting term and vest at the rate of 15%, 20%, 30% and 35% at the end of 1,2,3 and 4 years respectively from the date of grant and become fully exercisable, subject to employee being in the employment of the Parent.			
Exercise Price	Exercisable at an exercise price of ₹ 2, ₹ 3, ₹ 5 and ₹ 6 per option.	Exercisable at an exercise price of ₹ 2 and ₹ 6 per option.	Exercisable at an exercise price of ₹ 2, ₹ 6.25, ₹ 9.50, ₹ 11.50 and ₹ 26 per option.	No grant has been made under this scheme
Economic Benefits / Voting Rights	The holders of the equity shares will be entitled to the economic benefits of holding these shares only after the completion of the various vesting terms mentioned above and shall acquire voting rights as a shareholder of the Parent as duly approved by the shareholders at the meeting held on July 31, 2017.			

	For the year ended	
	March 31, 2023	March 31, 2022
Employee stock compensation expense	120	300

Movements during the year

The following table illustrates the number and weighted average exercise price of share options during the year.

March 31, 2023

Options - India/UK Plan	Employee Stock Ownership Plan 2011		Employee Stock Ownership Plan 2015	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	88,668	6.28	27,58,707	25.85
Granted during the year	-	-	-	-
Exercised during the year	(7,486)	5.84	(5,98,344)	25.82
Forfeited during the year	(81,182)	6.32	(1,67,730)	24.77
Outstanding options as at the end of the year	-	-	19,92,633	25.95
Weighted Average Remaining Contractual Life	-		3.77 years	

Options - USA Plan	Equity Incentive Plan for US Employees-2011		Equity Incentive Plan for US Employees-2011	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	16,000	6.00	29,830	26.00
Granted during the year	-	-	-	-
Exercised during the year	(6,000)	6.00	(10,355)	26.00
Forfeited during the year	(10,000)	6.00	-	-
Outstanding options as at the end of the year	-	-	19,475	26.00
Weighted Average Remaining Contractual Life	-		2.74 years	

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

March 31, 2022

Options - India/UK Plan	Employee Stock Ownership Plan 2011		Employee Stock Ownership Plan 2015	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	1,27,868	5.98	39,65,379	25.31
Granted during the year	-	-	-	-
Exercised during the year	(35,600)	5.24	(8,13,898)	23.26
Forfeited during the year	(3,600)	6.00	(3,92,774)	25.82
Outstanding options as at the end of the year	88,668	6.28	27,58,707	25.85
Weighted Average Remaining Contractual Life	0.12 years		4.59 years	

Options - USA Plan	Equity Incentive Plan for US Employees-2011		Equity Incentive Plan for US Employees-2011	
	No. of options	WAEP*	No. of options	WAEP*
Outstanding at the beginning of the year	20,000	6.00	49,470	24.18
Granted during the year	-	-	-	-
Exercised during the year	(4,000)	6.00	(17,890)	20.98
Forfeited during the year	-	-	(1,750)	26.00
Outstanding options as at the end of the year	16,000	6.00	29,830	26.00
Weighted Average Remaining Contractual Life	0.42 years		3.66 years	

* Weighted Average Exercise Price

No options were granted during the year (March 31, 2022 - Nil)

The weighted average share price of shares exercised during the year is ₹ 944.91 (March 31, 2022 - ₹ 963.88)

Exercisable options as at March 31, 2023 - 12,17,785 options (March 31, 2022 - 8,47,466 options) and weighted average exercise price - ₹ 25.91 (March 31, 2022 - ₹ 22.92).

44 Business Acquisitions

Acquisition during the year ended March 31, 2023

On January 1, 2023, the Group obtained operational and management control of Sri Mookambika Infosolutions Private Limited ('SMI'), a Madurai based Company which provides product engineering services to its US customers primarily in the healthcare sector, through a Control Agreement. This was followed by execution of the share purchase agreement on January 25, 2023 with the transfer of shares and payment of cash consideration on February 6, 2023. The Group acquired 100% equity in SMI for total consideration of ₹ 13,694 lakhs, comprising cash consideration of ₹ 11,132 lakhs and fair-value of contingent consideration of ₹ 2,562 lakhs which is indexed to revenue and EBITDA margins over a period of 2 years from the date of acquisition. As a result of this acquisition the Group recorded goodwill of ₹ 5,404 lakhs and other intangible assets of ₹ 8,259 lakhs.

The Group has consolidated SMI w.e.f January 1, 2023.

The objective of the acquisition is to bring in deep domain capabilities in the healthcare sector and therefore is expected to strengthen Group's health care vertical

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

The following table presents the purchase consideration, fair value of assets and liabilities acquired and goodwill recognised on the date of control.

Details of Fair value recognised on acquisition:

	Amount
Property, plant and equipment	174
Intangible assets	8,259
Trade receivables	869
Cash and cash equivalent	6
Bank and bank balances	1,243
Other Financial assets	65
Loans	1,024
Other assets	86
Provisions for gratuity	(256)
Other Provisions	(36)
Borrowings	(104)
Other Financial liabilities	(929)
Other current liabilities	(194)
Trade payables	(14)
Deferred tax liability on intangible assets	(1,903)
Total fair value of net assets acquired (A)	**8,290**
Fair value of purchase consideration (B)	13,694
Goodwill arising on acquisition (C)- (A-B)	**5,404**

The goodwill of ₹ 5,404 lakhs represents the skilled workforce, domain capabilities and expected synergies arising from expanding the Group's service to other health care customers. Goodwill is allocated to PES segment and is not deductible for tax purpose. Refer note 4

Purchase consideration	Amount
Cash consideration	11,132
Fair value of contingent consideration	2,562
Total purchase consideration	**13,694**

Transaction costs amounting to ₹ 16 lakhs relating to the acquisition have been expensed and are included in other expenses.

Revenue and profit contribution:

The acquired business contributed revenues of ₹ 2,053 lakhs and net profit after tax of ₹ 235 lakhs to the Group post acquisition.

If the acquisition had occurred on April 1, 2022, consolidated revenue would have been ₹ 149,773 lakhs and net profit after tax of ₹ 22,792 lakhs respectively for the year ended March 31, 2023. These amounts have been calculated using the subsidiary's financial statements and adjusting them for:

a) differences in the accounting policies between the Group and the subsidiary, and

b) the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from April 1, 2022, together with the consequential tax effects.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

45 Ratio Analysis and its Elements

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% Change	% Change
Current ratio	Current Assets	Current Liabilities	1.86	2.53	-26%	Increase in short term borrowings as at March 31, 2023
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.64	0.38	68%	Impact of increase in outstanding borrowings for the year ended March 31, 2023
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments (excludes repayments for Packing credit foreign currency loan)	4.39	4.89	-10%	
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	0.31	0.30	3%	
Trade Receivable Turnover Ratio	Net revenue	Average Trade Receivable	7.51	7.56	-1%	
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	4.02	4.02	0%	
Net Capital Turnover Ratio	Net revenue	Working capital = Current assets – Current liabilities	2.88	1.95	48%	Higher net revenue and lower working capital for the year ended March 31, 2023.
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	0.16	0.17	-6%	
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax liability	0.29	0.31	-6%	
Return on Investment	Interest (Finance Income) and gain from mutual funds	Investments (includes mutual funds, investment in Tech4TH Solutions Inc. and fixed deposits)	0.05	0.04	25%	Reshuffling of investment from mutual funds to fixed deposits resulting in higher yield

46 The Board of Directors of the Parent at their meeting held on May 8, 2023 recommended the payout of a final dividend of ₹ 3.4/- per equity share of face value ₹ 2/- each for the financial year ended March 31, 2023. This recommendation is subject to approval of shareholders at the 12th Annual General Meeting of the Group scheduled to be held on July 17, 2023.

47 Rules in relation to 'The Code on Social Security, 2020 ('Code')' yet to be notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect.

48 The Company maintains the information and documents as required under the transfer pricing regulations under Section 92-92F of the Income Tax Act, 1961. The management is in the process of updating the transfer pricing documentation for the financial year 2022 - 2023 and is of the view that its transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs, unless otherwise stated)

49 Previous year's figures have been regrouped/ reclassified wherever necessary to conform with current year classification.

As per our report of even date
for **Deloitte Haskins and Sells**
Chartered Accountants
ICAI Firm's Registration Number : 008072S

Vikas Bagaria
Partner
Membership no.: 060408
Place: Bengaluru, India
Date: May 08, 2023

for and on behalf of the Board of Directors:
Happiest Minds Technologies Limited
CIN : L72900KA2011PLC057931

Ashok Soota
Executive Chairman
DIN : 00145962
Place: Bengaluru, India
Date: May 08, 2023

Venkatraman Narayanan
Managing Director & Chief Financial Officer
DIN : 01856347
Place: Bengaluru, India
Date: May 08, 2023

Praveen Darshankar
Company Secretary
FCS No.: F6706
Place: Bengaluru, India
Date: May 08, 2023

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ashok Soota
Executive-Chairman

Joseph Anantharaju
Executive Vice Chairman

Venkatraman Narayanan
Managing Director & CFO

Anita Ramachandran
Independent Director

Rajendra Kumar Srivastava
Independent Director

Shuba Rao Mayya
Independent Director

COMMITTEES OF THE BOARD

AUDIT
Shuba Rao Mayya - *Chairperson*
Anita Ramachandran - *Member*
Venkatraman Narayanan - Member

NOMINATION, REMUNERATION & BOARD GOVERNANCE
Rajendra Kumar Srivastava - *Chairperson*
Ashok Soota - *Member*
Anita Ramachandran - *Member*
Shuba Rao Mayya - *Member*

CORPORATE SOCIAL RESPONSIBILITY
Shuba Rao Mayya - *Chairperson*
Joseph Anantharaju - *Member*
Ashok Soota - *Member*

ADMINISTRATIVE AND STAKEHOLDERS RELATIONSHIP
Anita Ramachandran - *Chairperson*
Shuba Rao Mayya - *Member*
Venkatraman Narayanan - *Member*

RISK MANAGEMENT
Joseph Anantharaju - *Chairperson*
Anita Ramachandran - *Member*
Shuba Rao Mayya - *Member*
Venkatraman Narayanan - *Member*

STRATEGIC INITIATIVES
Rajendra Kumar Srivastava - *Chairperson*
Ashok Soota - *Member*
Anita Ramachandran - *Member*
Joseph Anantharaju - *Member*
Venkatraman Narayanan - *Member*

COUNSEL/LEGAL CONSULTANTS

Khaitan & Co
Uday Shankar Associates
Wilson Elser Moskowitz Edelman & Dicker LLP
Collyer Bristow LLP
Habbu & Park
Eastern Bridge
Kingston Smith LLP
Goel & Anderson, LLC

STATUTORY AUDITORS

Deloitte Haskins & Sells LLP

CONTACT DETAILS

For queries relating to shares:
einward.ris@kfintech.com (RTA)
Toll-Free Number: 1800 3094001
Investors@happiestminds.com (Company)
Phone: +91 80 6196 0300

For queries on Results/ Management Meetings
IR@happiestminds.com
Phone: +91 80 6196 0300

WEBSITE

https://www.happiestminds.com/

BANKERS

Kotak Mahindra Bank Ltd
RBL Bank Ltd
Federal Bank Ltd
ICICI Bank Ltd
HDFC Bank Ltd
Axis Bank Limited
Standard Chartered Bank
Bank of America
Citibank NA
JP Morgan Chase Bank NA

DEBENTURE TRUSTEE

Vistra ITCL (India) Limited
IL&FS Financial Centre,
Plot no. C-22, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400051

SUBSIDIARY

Happiest Minds Inc.
A Texas state registered entity.
Communication Address:
101 Metro Drive
STE 360
San Jose, CA - 95110-1381
Phone: +1 408 520 7611

Sri Mookambika Infosolutions Private Limited
SMILES 8, 25/4, Palaniappan Chandrika Plaza,
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Madurai, Tamil Nadu - 625014

Sri Mookambika Infosolutions Private Limited
SMILES 9, Vetri Gardens, 348,
Sri Lakshmi Nagar II,
Maheswari Nagar 4th Street,
Thaneer Panthal, Peelamedu Post,
Coimbatore, Tamil Nadu - 641004

REGISTERED & CORPORATE OFFICE

#53/1-4, Hosur Main Road, Madivala
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CIN: L72900KA2011PLC057931
Phone: +91 80 6196 0300/0400

OFFICES

INDIA

Bengaluru - 1
Happiest Minds Technologies Limited
SMILES 1,
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Phone: +91 80 3965 3000

Bengaluru - 2
Happiest Minds Technologies Limited
SMILES 2, 3 & 4
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UNITED KINGDOM

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Happiest Minds Technologies Limited
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CANADA

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AUSTRALIA

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THE NETHERLANDS

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