

CERTIFICATE ON KEY PERFORMANCE INDICATORS

Date: - 24/01/2025

To,

The Board of Directors

Happy Square Outsourcing Services Limited

240, Nagpur Road, Madan Mahal,

Jabalpur- 482 008,

Madhya Pradesh, India.

Corpwis Advisors Private Limited

G-07, Ground floor,

The Summit Business Park (Omkar),

Andheri Kurla Road, Andheri East,

Mumbai – 400 093, Maharashtra, India.

(Corpwis Advisors Private Limited referred to as the “Book Running Lead Manager”)

Dear Sir,

Sub: Proposed initial public offering of equity shares of face value Rs. 10 each (“Equity Shares”) by Happy Square Outsourcing Services Limited (“Company”) (referred to as the “Issue”).

Dear Sir(s),

In connection with calculation of the issue price of the Equity Shares in the Issue, we have verified the information mentioned in **Annexure A** with respect to the Company, extracted from the financial statements of the Company for the Stub period ended 31st July, 2024 and financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 and other relevant records of the Company.

We hereby confirm that we have conducted our examination of the information given in this certificate (including the annexures thereto) in accordance with the ‘Guidance Note on the Reports or Certificates for Special Purposes (Revised 2016)’ issued by the Institute of Chartered Accountants of India (“ICAI”), as revised from time to time, to obtain a reasonable assurance that such details are in agreement with the books of accounts and other relevant records provided to us, in all material respects; the aforesaid Guidance Notes requires that we comply with the ethical requirements of the ‘Code of Ethics’ issued by the ICAI, as revised from time to time. We also confirm that we have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, ‘Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements,’ issued by the ICAI.

This certificate is for your information and for inclusion in the draft prospectus and the prospectus (the “Issue Documents”), to be issued by the Company in relation to the Issue and to be filed/registered with the SME Emerge Platform of National Stock Exchange of India Limited where the Equity Shares are proposed to be listed (“Stock Exchange”) and the Registrar of Companies, Madhya pradesh at Gwalior (“RoC”), as applicable.

Accordingly, we have relied and reviewed the following documents:

- Restated Financial Information for the six-month period ended July 31, 2024 and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 prepared in accordance with Companies Act, 2013, as



amended ("Companies Act") and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); ("Restated Financial Information").

- b. Registers of the Company;
- c. Minutes of the meetings of the Board of Directors of the Company, its committees and the shareholders' meetings;
- d. Accounting records; and
- e. All other relevant records, correspondences with regulatory/ statutory authorities

The procedures were performed solely to assist you in evaluating KPIs of the Company. Our Engagement on the Agreed upon Procedures has been performed in accordance with our Engagement Letter signed on 22-08-2024.

I. Detail/ heading of KPI as Annexure.

- A. Compared the amounts with, or recalculated the percentages based on, amounts included in or derived from the Audited Restated Financial Information or the Audited Financial Statements, as applicable, and found them to be in agreement.
- B. Compared the amounts / metrics with, or recalculated the percentages based on, corresponding amounts / metrics appearing in a schedule prepared by officials of the Company based on the accounting and other records of the Company and found them to be in agreement. We verified the mathematical accuracy of such schedule prepared by the officials of the Company. We also compared the amount identified in such schedule with the corresponding amount appearing in the relevant accounting records of the Company and found them to be in agreement.
- C. Compared the amounts / metrics with, or recalculated the percentages based on, corresponding amounts / metrics appearing in a schedule prepared by officials of the Company based on management accounts, relevant management information system reports, the enterprise resource planning (ERP) systems or other financial information, corporate, secretarial, regulatory filings with authorities or other records of the Company and found them to be in agreement. We verified the mathematical accuracy of such schedule prepared by the officials of the Company. We also compared the amounts / metrics identified in such schedule with the corresponding amounts / metrics appearing in the relevant corporate, secretarial and other records of the Company and found them to be in agreement.
- D. Verified the arithmetic accuracy or computation of the percentages or amounts.

II. Key financial and operation performance indicators:

The details of the key financial and operation performance indicators as required under SEBI ICDR Regulations are set out under **Annexure A**.

The KPIs disclosed have been selected solely by the management and have been approved by Audit Committee pursuant to resolution dated.

The procedures carried out for such verification are included under Schedule I and Schedule II.

We consent to the inclusion of this certificate as a part of "*Material Contracts and Documents for Inspection*" in connection with Issue, which will be available for public for inspection from date of the filing of the RHP until the Bid/Issue Closing Date.

On the basis of the procedures set forth above, nothing came to our attention that caused us to believe that the KPIs were not accurate, valid and complete.



At your request, we have also read the items identified by you on the attached copy of the draft red herring prospectus and have compared the amounts to the corresponding amounts set forth in the Annexures and have found them to be in agreement

We confirm that the information in this certificate is true, fair and correct, and is in accordance with the requirements of the Companies Act, the ICDR Regulations and other applicable law, and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context. We confirm that the information in this certificate is adequate to enable investors to make a well-informed decision, to the extent that such information with respect to us is relevant to the prospective investor to make a well-informed decision.

This certificate is for information and for inclusion (in part or full) in the draft red herring prospectus ("DRHP"), the red herring prospectus ("RHP") and the prospectus ("Prospectus") filed in relation to the Issue (collectively, the "Issue Documents") or any other Issue-related material, and may be relied upon by the Company, the Book Running Lead Manager and the legal advisor in relation to the Issue. We hereby consent to the submission of this certificate as may be necessary to SEBI, the Registrar of Companies, at Gwalior ("RoC"), the relevant stock exchange, any other regulatory authority and/or for the records to be maintained by the Book Running Lead Manager and in accordance with applicable law. We hereby consent to this certificate being disclosed by the Book Running Lead Manager, if required (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We confirm that we will immediately communicate any changes in writing in the above information to the Book Running Lead Manager until the date when the Equity Shares commence trading on the relevant stock exchange. In the absence of any such communication from us, the Book Running Lead Manager and the legal advisor, can assume that there is no change to the above information until the Equity Shares commence trading on the relevant stock exchange pursuant to the Issue.

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Issue Documents.

Yours sincerely,

For JYOTI ASRANI & ASSOCIATES

Chartered Accountants

ICA Firm Registration No.: 010126C

Peer review certificate No. 016774

CA. JYOTI ASRANI

Partner

Membership No: 079966

Place: Jabalpur

Date: January 24, 2025

UDIN: 25079966BMIIGU4643



Legal Counsel

T&S Law

Logix Technova, Unit No. 15,

Block B, Sector 132,

Noida – 201 304, U.P. India

Encl: As above

Annexure A

Following is the comparison with our peer companies listed in India:

Name of the company	Consolidate d/ Standalone	Face value (₹ per share)^	Closing price on January 23, 2024 (₹ per share)	Revenue from Operations (₹ in Lakhs)	EPS (₹)		NAV (₹ per share)	P/E Ratio	RoNW (%)	PAT margin (%)
					Basic	Diluted				
Happy Square Outsourcing Services Limited*	Standalone	10	N.A.	6,928.87	5.22	5.22	7.77	[•]^	101.30 %	6.34%
PEER GROUP										
Spectrum Talent Management Ltd**	Standalone	10	169.70	99,898.70	5.02	5.02	62.65	33.80	11.04%	1.10%

*Financial information for our Company is derived from the Restated Financial Statements as at and for Fiscal 2024.

#Will be updated in the Prospectus.

**Source: All the financial information for PEER GROUP mentioned above is taken from the combined financial statements of all the business of the PEER GROUP company uploaded on the NSE website for the year ended 2024 which consist of business from outsourcing of employees and also from trading activities.

^ To be updated in the Prospectus.

Notes for peer group:

1. Return on Net Worth (%) = Profit for the year ended March 31, 2024, divided by Average Total Equity of the Company as on March 31, 2024.
2. NAV is computed as the Total Equity of the Company as on March 31, 2024, divided by the outstanding number of equity shares as on March 31, 2024.
3. PAT Margin is computed as Revenue from Operations for the year ended March 31, 2024, divided by PAT as on March 31, 2024.
4. For listed peer, P/E Ratio has been computed based on the closing market price of equity shares on the website of NSE as of January 23, 2025, divided by the Basic EPS provided under Note 1 above.

Some of the key performance indicators which may form the basis for computing the Issue Price are as follows:

(₹ in lakhs except percentages and ratios)

Key Performance Indicators	July 31, 2024#	March 31, 2024#	March 31, 2023#	March 31, 2022#
Revenue from Operations	3,292.77	6,928.87	5,269.92	2,823.00
EBITDA ⁽¹⁾	312.46	664.47	284.51	45.45
EBITDA Margin ⁽²⁾⁽³⁾	9.49%	9.59%	5.40%	1.61%
Profit After Tax for the Year / Period	197.26	439.32	178.78	24.59
PAT Margin ⁽⁴⁾	5.99%	6.34%	3.39%	0.87%
ROE ^{(5)*}	26.23%	101.30%	143.47%	83.56%
ROCE ^{(6)*}	24.67%	66.62%	56.78%	11.30%
Net Debt/ EBITDA ⁽⁷⁾	4.48	1.62	2.23	7.39

KPIs disclosed above has been approved by the Audit Committee of the Company in their meeting held on dated January 10, 2025.



Explanation for the Key Performance Indicators

1. EBITDA means Earnings before interest, taxes, depreciation and amortisation expense, is calculated as profit before tax/ (loss) before extraordinary item for the period/year and adding back finance costs, and depreciation & amortisation expenses.
2. EBIT means Earnings before interest and tax and is calculated as profit before tax/ (loss) before extraordinary item for the period/year and adding back finance cost.
3. EBITDA Margin is calculated as EBITDA as a percentage of Revenue from operations.
4. PAT Margin is calculated as profit after tax for the year / period as a percentage of Revenue from operations.
5. Return on Equity (ROE) is calculated as profit after tax for the year/period divided by Average Equity.
6. Return on Capital Employed (ROCE) is calculated as EBIT divided by Capital Employed. Capital Employed is calculated as total assets less total current liabilities as at the end of the period/year.
7. Net Debt/ EBITDA: Net Debt is calculated as total borrowings (including lease liabilities) less cash and cash equivalents and bank balances other than cash and cash equivalents as at the end of the period/year divided by EBITDA.

We shall continue to disclose these KPIs, on a half-yearly basis, for a duration that is at least the later of (i) three years after the listing date; and (ii) the utilization of the issue proceeds disclosed in the objects of the issue section of the Prospectus. We confirm that the ongoing KPIs would be certified by the statutory auditor of the Issuer Company.

Explanation for KPI metrics

KPI	Explanations
Revenue from Operations (₹ in Lakhs)	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps assess the overall financial performance of our Company and size of our business.
EBITDA (₹ in Lakhs)	EBITDA provides information regarding the operational efficiency of the business.
EBITDA Margin (%)	EBITDA Margin is an indicator of the operational profitability and financial performance of our business.
Profit After Tax (₹ in Lakhs)	Profit after tax provides information regarding the overall profitability of the business.
PAT Margin (%)	PAT Margin is an indicator of the overall profitability and financial performance of our business.
RoE (%)	RoE provides how efficiently our Company generates profits from average shareholders' funds.
RoCE (%)	ROCE provides how efficiently our Company generates earnings from the average capital employed in the business.
Net Debt/ EBITDA (In Times)	Net Debt by EBITDA is indicator of the efficiency with which our Company is able to leverage its debt service obligation to EBITDA.



Comparison of the Key Performance Indicators with our listed peers:

(₹ in lakhs) (As on March 31, 2024)

Key Performance Indicators	Happy Square Outsourcing Services Limited #	Spectrum Talent Management Ltd
Revenue from Operations	6,928.87	99,898.70
EBITDA ⁽¹⁾	664.47	1,110.1
EBITDA Margin ⁽³⁾	9.59%	1.11%
Profit After Tax for the Year	439.32	1,100.7
PAT Margin ⁽⁴⁾	6.34%	1.10%
ROE ⁽⁵⁾	101.30%	11.04%
ROCE ⁽²⁾⁽⁶⁾	66.62%	7.05%
Net Debt/ EBITDA ⁽¹⁾⁽⁷⁾	1.62	Not Ascertainable as net debt is negative

Source: Annual Reports of the company / www.nseindia.com

KPIs disclosed above has been approved by the Audit Committee of the Company in their meeting held on dated January 10, 2025.

*Source: **Source: All the financial information for PEER GROUP mentioned above is taken from the combined financial statements of all the business of the PEER GROUP company uploaded on the NSE website for the year ended 2024 which consist of business from outsourcing of employees and also from trading activities.*

Explanation for the Key Performance Indicators

1. EBITDA means Earnings before interest, taxes, depreciation and amortisation expense, is calculated as profit before tax/ (loss) before extraordinary item for the period/year and adding back finance costs, and depreciation & amortisation expenses.
2. EBIT means Earnings before interest and tax, and is calculated as profit before tax/ (loss) before extraordinary item for the period/year and adding back finance cost.
3. EBITDA Margin is calculated as EBITDA as a percentage of Revenue from operations.
4. PAT Margin is calculated as profit after tax for the year / period as a percentage of Revenue from operations.
5. Return on Equity (ROE) is calculated as profit after tax for the year/period divided by Total Equity.
6. Return on Capital Employed (ROCE) is calculated as EBIT divided by Capital Employed. Capital Employed is calculated as total assets less total current liabilities as at the end of the period/year.
7. Net Debt/ EBITDA: Net Debt is calculated as total borrowings (including lease liabilities) less cash and cash equivalents and bank balances other than cash and cash equivalents as at the end of the period/year divided by EBITDA.

