

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:

- Foreign currency fluctuation
- Customer credit
- Profitability and sustenance of the business
- Availability of credit and liquidity management

2. Business Risks:

- Concentration of revenues
- New, emerging disruptive technologies and their impact on business, and delivery
- Shrinking product development cycles
- Customers insourcing

3. Operational Risks:

- Data privacy, social media
- Talent availability and timely staffing of projects
- Optimal resource utilization
- Contractual commitments and project delivery challenges
- Business continuity

4. Legal and Regulatory:

- Compliance with local legislation in the geographies we operate in
- Dynamic and ever-changing immigration and travel laws

5. Projects Delivery related risk

- Related to change meeting timelines, estimated effort
- Quality of deliverables

6. Information Security Risks

- Loss of Happiest Minds' or Customer Intellectual Property (Assets, Code, documents etc.,)
- Privacy breach, sharing of sensitive data without requisite approvals
- 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 is 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-compliant.

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
Managing Director & CFO
 DIN: 01856347

Ashok Soota
Executive Chairman
 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:

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

- 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.

- Percentage increase in the median remuneration of employees in the financial year ended March 31, 2023: 15.1%
- No. of permanent employees on the rolls of Company as on March 31, 2023, was 4,233
- 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.

- 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:

- CSR Committee: <https://www.happiestminds.com/investors/disclosures/Board-and-Board-Committees.pdf>
- CSR Policy: <https://www.happiestminds.com/investors/policy-documents/Corporate%20Social%20Responsibility%20Policy.pdf>
- 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

- Average net profit of the company as per sub-section (5) of section 135:** ₹16,121 lakhs
- Two percent of average net profit of the company as per sub-section (5) of section 135:** ₹322 lakhs
- Surplus arising out of the CSR Projects or programmes or activities of the previous financial years:** 0
- Amount required to be set-off for the financial year, if any:** ₹21 lakhs
- 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 Sl. No	2 Name of the Project	3 Item from the list of activities in schedule VII to the Act.	4 Local area (Yes/No).	5 Location of the project.		6 Allotment (in ₹ lakhs)	7 Amount spent for the project (in ₹ lakhs)	8 Mode of implementation Direct (Yes/No).	9 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
Managing Director & CFO
 DIN: 01856347

Ashok Soota
Executive Chairman
 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:

- All the employees included in the table above are permanent employees of the Company and their appointments are non-contractual.
- 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.
- 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