

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

Management Discussion and Analysis of Financial Condition and Results of Operations

Overview

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

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

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

As of March 31, 2023, we had 237 active customers and our volume of repeat business (revenue during the year from existing customers) has steadily grown and contributed a significant portion of our revenue from contracts with customers over the years indicating a high degree of customer stickiness.

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

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

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

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

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

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

- **Digital Business Services (DBS):** Our DBS offerings are aimed at (i) driving digital modernization and transformation for our customers through digital application development and application modernization for an improved customer experience,

enhanced productivity and better business outcomes; (ii) implementation of solutions, development and implementation of solution, capabilities for improving data quality of the customer’s platform, assistance in designing and testing of operations and management of platform and modernization of digital practices; and (iii) consulting and domain led offerings such as digital roadmap, mindful design thinking, and migration of on-premise applications to cloud.

- **Product Engineering Services (PES):** Our PES BU aims to help our customers capitalize on the transformative potential of ‘digital’ by building products and platforms that are smart, secure and connected. We provide our customers a blend of hardware and embedded software knowledge which combines with our software platform engineering skills to help create high quality, scalable and secure solutions. Our offerings extend across the development lifecycle from strategy to final roll out while ensuring quality. We get our clients started on this journey with our digital foundry that allows us to build rapid prototypes for our customers and provide a scalable Minimum Viable Product (MVP). We embrace a cloud and a mobile friendly approach along with an agile model that is supported by test automation to help our clients accelerate their time to market and build a competitive advantage.
- **Infrastructure Management & Security Services (IMSS):** Our IMSS offerings provide an end-to-end monitoring and management capability with secure ring-fencing of our customers’ IT applications and infrastructure. We provide continuous support and managed security services for mid-sized enterprises and technology companies. We specialize in the automation of IT operations using the DevSecOps model. We also run Network & Security Operations centers to manage our client’s infrastructure and data centers. We ensure our customers’ infrastructure is safe, secure, efficient, and productive. Our security offerings include cyber and infrastructure security, governance, risk & compliance, data privacy & security, Identity and Access Management, threat and vulnerability management.

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

- **Internet of Things (IoT):** Our IoT offering includes consulting-led digital strategy creation, device/edge/platform engineering, end-to-end system integration on industry-standard IoT platforms, IoT security, and IoT-enabled managed services, implementing IoT roadmap, deriving insights from connecting assets, connecting manufacturing, supply chain, products and services to deliver IoT led business transformation and new business models aimed at enhancing our customers’ operations and customer experience. In FY 2022-23, revenues from IoT offerings were 5.4%.
- **Analytics / Artificial Intelligence (AI):** Our analytics/AI offering includes implementation of advanced analytics using artificial intelligence, machine learning and statistical models, engineering big data platforms to deal with large volumes of data, creating actionable insights with data warehousing, modernization of data infrastructure and process automation through AI. In FY 2022-23, revenues from analytics/AI were 12.2%.
- **Digital Process Automation (DPA):** Our DPA offering includes consulting led digital transformation through process automation of core business applications, products and infrastructure landscape of our customers, leveraging various intelligent process automation tools and technologies including Robotic Process Automation (RPA), intelligent Business Process Management (iBPMS) and cognitive automation using AI & machine learning based models. In FY 2021-22 and FY 2022-23, revenues from DPA were 25.4% and 26.6%, respectively.

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

Significant Factors Affecting our Results of Operations

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

Expansion of Customer Base and new Sales to Existing Customers

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

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

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

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

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

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

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

Our continued growth in the United States market

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

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

Pricing of and Margin on our Services and Revenue Mix

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

Continued Relationships with Alliance Partners

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

Recruitment, Retention and Management of IT Professionals

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

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

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

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

Significant Accounting Policies

Revenue Recognition

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

Revenue from the rendering of services and sale of license is recognized when the Group satisfies its performance obligations to its customers as below:

Rendering of Engineering Services

Revenues from services comprise primarily income from time-and-material and fixed price contracts. Revenue with respect to time-and-material contracts is recognized over the period of time as the related services are performed. Revenue with respect to fixed price contracts where performance obligation is transferred over time are recognized using the "percentage of completion" method. The Group uses the percentage of completion method using the input (cost expended) method to measure progress towards completion in respect of fixed price contracts. The percentage of completion method accounting relies on estimates of total expected contract revenue and costs. This method is followed when reasonably dependable estimates of the revenues and costs applicable to various elements of the contract can be made. Key factors that are reviewed in estimating the future costs to complete include estimates of future labor costs and productivity efficiencies. Because the financial reporting of these contracts depends on estimates that are assessed continually during the term of these contracts, revenue recognized, profit and timing of revenue for remaining performance obligations are subject to revisions as the contract progresses to completion. When estimates indicate that a loss will be incurred, the loss is provided for in the period in which the loss becomes probable. Provisions for estimated losses on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates.

Trade receivables

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

Variable consideration

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

Sale of Licenses

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

Contract Balances

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

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

Interest Income

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

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividend Income

Dividend income on investments is accounted for when the right to receive the dividend is established, which is generally when shareholders approve the dividend. Dividend income is included under the head "Other income" in the statement of profit and loss account.

Business Combination

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

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognized in statement of profit and loss in accordance with Ind AS 109. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS and shall be recognized in profit or loss. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at a cost less than any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Property, Plant and Equipment

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

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

Subsequent costs related to an item of property, plant and equipment are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are recognized in the statement of profit and loss during the reporting period when they are incurred.

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

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

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

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

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

Leasehold improvements are amortized over the period of the lease or life of the asset, whichever is less.

The useful lives have been determined based on technical evaluation done by the management's expert which in certain instances are different from those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets.

The assets residual values and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Intangible Assets

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

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

Goodwill

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

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

Other Intangible Assets

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

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

Amortization methods and periods

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

Asset	Life in years
Computer software	2.5-3 years
Non compete fees	3 years
Customer relations	3-7 years
Trade mark	2-3 years
Exclusive license	2 years

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

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

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

Subsequent costs related to Intangible assets are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Impairment of Non-financial Assets

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

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

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

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such an indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Leases

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

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

Group as Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

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

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

Lease Liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term Leases and Leases of low-value Assets

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

Lease and Non-lease Component

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

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

Extension and Termination option

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

Employee Benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current financial liabilities in the balance sheet.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Other long-term employee benefit obligations

The liabilities for leave balance are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields on government bonds at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in statement of profit and loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Share-Based Payments

Certain employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

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

That cost is recognized, together with a corresponding increase in employees stock option reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Provisions and Contingent Liabilities

Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for Warranty

As per the terms of the contracts, the Group provides post-contract services / warranty support to some of its customers. The Group accounts for the post-contract support / provision for warranty on the basis of the information available with the management duly taking into account the current and past technical estimates. The estimate of such warranty-related costs is revised annually.

Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present

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

Principal Components of our Statement of Profit and Loss

Income

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

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

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

	(in ₹ lakhs)	
	March 31, 2023	March 31, 2022
Sale of services	1,42,605	1,09,314
Sale of licenses	324	51
Revenue from contracts with customers	1,42,929	1,09,365

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

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

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

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

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

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

Other Income

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

Expenses

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

Employee Benefits Expense

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

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

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

Depreciation and Amortization

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

Finance Cost

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

Other Expenses

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

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

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

(in ₹ lakhs)

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

Income Tax Expense

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

Exceptional Items

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

Results of Operations

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

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

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

FY 2022-23 Compared to FY 2021-22

Income

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

Revenue from Contracts with Customers

Our revenue from contracts with customers increased by 30.7% to ₹ 1,42,929 lakhs in FY 2022-23 from ₹ 1,09,365 lakhs in FY 2021-23, primarily due to an increase in the volume of projects executed by us on account of increased workforce and also due to billing at higher rates.

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

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

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

Other Income

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

Expenses

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

Employee Benefits Expense

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

Depreciation and Amortization

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

Finance Cost

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

Other Expenses

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

Profit before Exceptional Items and Tax

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

Exceptional Item

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

Profit Before Tax

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

Tax Expenses

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

Profit for the year

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

Liquidity and Capital Resources

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

Cash flows

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

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

Operating Activities

FY 2022-23

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

FY 2021-22

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

Investing Activities

FY 2022-23

Net cash flows used in investing activities was ₹ 35,102 lakhs. This was primarily due to purchase of building at Bengaluru for ₹ 13,106 lakhs, investment in SMI (subsidiary) ₹ 10,987 and investment in fixed deposit of ₹ 59,995 lakhs which is partially offset by proceeds from sale of mutual fund of ₹ 47,203 lakhs.

FY 2021-22

Net cash flows used in investing activities was ₹ 9,608 lakhs. This was primarily due to Investment in equity shares of Tech4TH Solutions Inc of ₹ 762 lakhs, net investment in mutual fund of ₹ 5,507 lakhs and investment in fixed deposit of ₹ 3,020 lakhs.

Financing Activities

FY 2022-23

Net cash from financing activities was ₹ 7,207 lakhs. This was primarily proceeds from long term borrowings (net) of ₹ 9,774 lakhs, proceeds from short-term borrowings of ₹ 4,617 lakhs and proceeds from Non-convertible debenture of ₹ 4,500 lakhs which was partially offset by payment of dividend of ₹ 5,715 lakhs, payment of lease liability amounting to ₹ 2,548 lakhs, payment of contingent consideration of ₹ 2,034 lakhs.

FY 2021-22

Net cash used for financing activities was ₹ 9,078 lakhs. This was primarily due to payment of dividend of ₹ 6,830 lakhs, payment of lease liability amounting to ₹ 2,189 lakhs, payment of contingent consideration of ₹ 1,861 lakhs, which was partially offset by net proceeds from borrowings of ₹ 1,959 lakhs.

Borrowings

As of March 31, 2023, we had total outstanding borrowings of ₹ 46,755 lakhs, which consisted of non-current and current borrowings. Our non-current borrowings consisted of foreign currency term loan from the bank, rupee term loan from bank and non-convertible debentures. Foreign currency term loan is secured by charge on moveable assets and lien on fixed deposits. And rupee term loan is secured by the way of exclusive charge on land with building known as SJR Equinox along with all the fixed assets in the building. Our current borrowings consisted of foreign currency loan (PCFC) and Bank overdraft.

As of March 31, 2023, the average effective interest rates of our current borrowings and non-current borrowings were 5.66% and 4.17%, respectively.

The following table sets out borrowings as of March 31, 2023.

	(in ₹ lakhs)
	March 31, 2023
Non-current	
Secured	
Foreign currency term loan from bank	1,870
Rupee term loan from bank	11,986
Less: Current maturities of foreign currency term loan	(1,870)
Less: Current maturities of rupee term loan	(708)
Total non-current borrowings	11,278
Current	
Secured	
Loans repayable on demand from banks	
Foreign currency loan (PCFC)	21,280
Bank overdraft	7,119
Non-convertible debentures	4,500
Current maturities of term loans:	
Foreign currency term loan	1,870
Rupee term loan	708
Total current borrowings	35,477

The loan agreements that we have entered into with the lender banks contain certain restrictive covenants that limit our ability to undertake certain types of transactions. We are required to obtain an approval from the lender banks for, among other things, altering our capital structure, dilution in shareholding of our Promoter of our Company, effecting any change in the composition of the board of directors of our Company and its management and control and amending constitutional document.

Contractual Obligations and Commitments

The following table sets forth information regarding our contractual obligations and commitments as of March 31, 2023.

	(in ₹ lakhs)			
	Total	Payment due by period		
		Less than one year	Between one and five years	Later than five years
	(in ₹ lakhs)			
Lease liabilities (carried at amortized cost)	7,738	2,364	5,374	
Trade Payables (carried at amortized cost)				
Total outstanding dues of micro enterprises and small enterprises	83	83	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	6,969	6,957	12	-
Capital commitments towards purchase of capital assets	904	-	-	-

Related Party Transactions

Related party transactions primarily relate to contribution made to post employee benefit plan, directors' sitting fees and managerial remunerations.

Off-Balance Sheet Arrangements and Contingent Liabilities

As of March 31, 2023 we did not have any off-balance sheet arrangements.

Other claims against the Group not provided for in books

- a) With respect to the License Agreement entered in June 2018 between the Company and a customer, for providing software services, the customer terminated the agreement claiming non-satisfactory delivery of services and damages of ₹ 623 lakhs. The customer has also initiated arbitration proceedings which the Parent Company is currently contesting and is of the view that the claim is not tenable and accordingly no adjustments are made in the financial statements.

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

- c) The Group is also subject to certain other claims and suits that arise from time to time in the ordinary conduct of its business. While the Group currently believes that such claims, individually or in aggregate, will not have a material adverse impact on its financial position, cash flows, or results of operations, the litigation and other claims are subject to inherent uncertainties, and management's view of these matters may change in the future. Were an unfavourable final outcome to occur in any one or more of these matters, there exists the possibility of a material adverse impact on the Group's business, reputation, financial condition, cash flows, and results of operations for the period in which the effect becomes reasonably estimable.

Capital Expenditures

Our capital expenditures include expenditures on property, plant and equipment, intangible assets and right-of-use assets. Property, plant and equipment include land and buildings, computer systems, office equipment, furniture and fixtures and leasehold improvements. Intangible assets include goodwill, trademark, customer relationships, non-compete and computer software. Right-of-use assets include computer systems, buildings and motor vehicles. The following table sets out the capital expenditures (addition to property, plant and equipment, intangible assets and right-of-use assets) including those arising from acquisition of business of subsidiary for the periods indicated:

	(in ₹ lakhs)	
	March 31, 2023	March 31, 2022
Property, plant and equipment		
Land	4,423	45
Building	8,354	11
Computer systems	292	-
Office equipment	132	-
Furniture and fixtures	55	-
Vehicles	33	-
Leasehold improvements	159	11
Intangible assets		
Goodwill	5,404	-
Trademark	-	-
Non-compete	329	-
Customer relationships	7,930	-
Exclusive license	-	-
Computer software	789	311
Right-of-use assets		
Computer systems	1,142	1,495
Buildings	2,867	3,992
Office equipment	125	-
Motor vehicles	183	-

We expect to meet our working capital, capital expenditures and investment requirements for the next 12 months primarily from revenues from operating activities, bank borrowings.

Our actual capital expenditures may differ from the amount set out above due to various factors, including our future cash flows, results of operations and financial condition, changes in the local economy in India, defects or cost overrun, delays in obtaining or receipt of governmental approval, changes in the legislative and regulatory environment and other factors that are beyond our control.

Qualitative Disclosure about Market Risks

Market risk is attributable to all market-sensitive financial instruments, including foreign currency receivables and payables. The value of a financing instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity, prices, equity prices and other market changes that affect market risk sensitive instruments. Our exposure to market risk is a function of our revenue generating activities and any future borrowing activities in foreign currencies. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss.

Credit Risk

We are exposed to credit risk related to monies owed to us by our customers. If our customers do not pay us promptly, or at all, we may have to make provisions for, or write-off, such amounts. As of March 31, 2023 and March 31, 2022, our net trade receivables (carried at amortized cost) were ₹ 21,319 lakhs and ₹ 16,738 lakhs, respectively. As of March 31, 2023 and March 31, 2022, our net unbilled receivables/ Contract assets were ₹ 12,192 lakhs and ₹ 10,664 lakhs respectively. Our average debtor cycle was 86 days (billed receivables-54 days & unbilled receivables-32 days) and 90 days (billed receivables-55 days & unbilled receivables-35 days) FY 2022-23 and FY 2021-22, respectively.

Interest Rate Risk

As of March 31, 2023, we are not exposed to market risk with respect to changes in interest rates since all our financial assets or liabilities are either non-interest bearing or are at fixed interest rate.

Exchange Rate Risk

Although our Company's reporting currency is in ₹, we transact a significant portion of our business in other currencies, primarily USD. A significant portion of our revenue from contracts with customers in FY 2022-23 and FY 2021-22, respectively, were derived from sales outside India. Substantially, all of our non-Indian sales income is denominated in foreign currencies, primarily in USD. Most of our foreign currency exposure is mitigated by maintaining balances in the EEFC account in USD / Euro/ GBP which is used for making foreign payments without currency conversion and by executing foreign exchange forward contracts.

Therefore, our exchange rate risk primarily arises from our foreign currency revenues, cost and other foreign currency assets and liabilities to the extent that there is no natural hedge.

Reservations, Qualifications and Adverse Remarks

There are no reservations, qualifications and adverse remarks by our statutory auditor for the previous three Fiscals.

Corporate Governance Report

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

Happiest Minds' philosophy on Corporate Governance is to create and conduct sustainable growing business with highest standards of integrity, transparency, and accountability to maximize stakeholders' value while duly complying with all applicable laws and regulations.

Happiest Minds firmly believes that Corporate Governance is critical to success of its business and its governance practices are reflected in its strategy, plan, culture, policies, and relationship with stakeholders.

II. Board of Directors

The Board of Directors of Happiest Minds as on March 31, 2023, comprised of six (6) Directors with optimum combination of Executive and Non-Executive Directors i.e., three Executive Directors and three Non-Executive Independent Directors including two-woman Directors and each of them are professionals in their respective areas of specialization and have held eminent positions. The Board Members are not related to each other, and the number of Directorships/Committee memberships held by Executive and Non-Executive Independent Directors are within the permissible limits under SEBI (LODR), Regulations, 2015 and Companies Act, 2013.

(a) Composition of Board of Directors

The composition and category of Directors as on March 31, 2023:

Sl. No.	Name of the Director	Category	Number of other Directorships held in other public Companies	Number of Committee membership held in other public companies (limited to only Audit and Stakeholders' Relationship Committees)		No and % of Equity Shares held in the Company (%)
				As Chairperson	As Member	
1	Mr. Ashok Soota	Promoter & Executive Director	Nil	Nil	Nil	78,024,177 (53.13%) ¹
2	Mr. Joseph Anantharaju	Executive Director	Nil	Nil	Nil	425,000 (0.29%)
3	Mr. Venkatraman Narayanan	Executive Director	Nil	Nil	Nil	628,170 (0.43%)
4	Mrs. Anita Ramachandran	Non-Executive Independent Director	8	1	7	Nil
5	Mr. Rajendra Kumar Srivastava	Non-Executive Independent Director	Nil	Nil	Nil	Nil
6	Mrs. Shuba Rao Mayya	Non-Executive Independent Director	4	2	6	Nil

1. Including shares held in the name of Ashok Soota Medical Research LLP

Directorship in other listed entities as on March 31, 2023:

Sl. No.	Name of the Director	Directorship in other listed entities	Category of Directorship
1	Mr. Ashok Soota	Nil	NA
2	Mr. Joseph Anantharaju	Nil	NA
3	Mr. Venkatraman Narayanan	Nil	NA
4	Mrs. Anita Ramachandran	1. Grasim Industries Limited 2. Metropolis Healthcare Limited 3. FSN E-Commerce Ventures Limited 4. Ujjivan Small Finance Bank Limited 5. Blue Star Limited	Independent Director Independent Director Independent Director Independent Director Independent Director
5	Mr. Rajendra Kumar Srivastava	Nil	NA
6	Mrs. Shuba Rao Mayya	1. Stove Kraft Limited	Independent Director

During the FY 2022-23, seven (7) meetings of the Board were held and the gap between two meetings did not exceed one hundred and twenty days. The Board Meetings are prescheduled, and adequate notice is given to the Board members. Board Meetings are generally held at the registered office of the Company either through video conference or through physical presence.

These Board Meetings were held on May 05, 2022; July 21, 2022; October 05, 2022, October 20, 2022; January 19, 2023, March 02, 2023, and March 27, 2023. The necessary quorum was present for all the meetings.

(b) Core Skills/Expertise/Competencies of the Board of Directors

The Directors of the Company bring with them a wide range of skills and experience to the Board, which enhances the quality of the Board's decision-making process. The following are the core skills, expertise and competencies identified for effective functioning of the Board and the names of directors who have such skills/expertise/competence:

Name of the Director	Interpersonal skills and personal qualities/values	Information Technology business & industry knowledge	Legal, regulatory, and financial knowhow	Strategic and analytical mindset	Leadership, Management & Governance
Mr. Ashok Soota	✓	✓	✓	✓	✓
Mr. Venkatraman Narayanan	✓	✓	✓	✓	✓
Mr. Joseph Anantharaju	✓	✓	✓	✓	✓
Mrs. Anita Ramachandran	✓	✓	✓	✓	✓
Mr. Rajendra Kumar Srivastava	✓	✓	✓	✓	✓
Mrs. Shuba Rao Mayya	✓	✓	✓	✓	✓

(c) Attendance of Directors at the Board Meetings and Annual General Meeting (AGM) held during the FY 2022-23:

Name of the Director	Board Meetings entitled to attend	Board Meetings attended	Whether present at AGM held on June 30, 2022*
Mr. Ashok Soota	7	7	Yes
Mr. Joseph Anantharaju	7	7	Yes
Mr. Venkatraman Narayanan	7	7	Yes
Mrs. Anita Ramachandran	7	5	Yes
Mr. Rajendra Kumar Srivastava	7	7	Yes
Mrs. Shuba Rao Mayya	7	7	Yes

* Note: The AGM was held through video conferencing and other audio-visual means ("VC")

(d) Independent Directors

The Board is of the opinion that the Independent Directors fulfil the conditions specified in the Companies Act, 2013 and SEBI (LODR), Regulations, 2015 and that they are independent of the management.

During the FY 2022-23, three (3) meetings of the Independent Directors were held on May 03, 2022, October 18, 2022, and January 18, 2023, interalia to review the Audit strategies, administrative matters and succession planning and the meeting was attended by all the Independent Directors:

The familiarization program and other disclosures as specified under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is available on the Company's website at <https://www.happiestminds.com/investors/disclosures/HappiestMinds-Details-of-Familiarization-Programme.pdf>

No Independent Director had resigned during the FY 2022-23.

(e) CEO/CFO Certification

As required under Regulation 17 (8) of SEBI (LODR) Regulations, CEO/CFO have certified to the Board that the Financial Statements for the financial year ended March 31, 2023, do not contain any untrue statement and that these statements represent a true and fair view of the Company's affairs and other matters as specified thereunder. A copy of the Certificate is attached as Annexure I to this Report.

(f) Code of Conduct for Directors and Senior Management

The Company has adopted a Code of Conduct for the Board of Directors and Senior Management Personnel to ensure that the business of the Company is conducted with the highest standards of ethics and values in accordance with the applicable laws, regulations and rules and is critical to the success of the Company. The Code is available on the Company's website at <https://www.happiestminds.com/investors/policy-documents/>

All the Board Members and Senior Management Personnel have affirmed compliance with the Code. A declaration signed by the CEO/CFO to this effect is enclosed as part of Annexure I to this Report.

III. Audit Committee

(a) Terms of Reference

The Audit Committee has interalia the following mandate:

- Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors, including the internal auditor, cost auditor and statutory auditor, of the Company and the fixation of audit fee.
- Approval of payments to Statutory Auditors for any other services rendered by the Statutory Auditors of the Company.
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by the management of the Company;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions; and
 - Qualifications/modified opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval.
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
- Formulating a policy on related party transactions, which shall include materiality of related party transactions.
- Approval or any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed.
- Review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

16. Discussion with internal auditors of any significant findings and follow up there on.
17. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
18. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
19. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
20. Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services.
21. Reviewing the functioning of the whistle blower mechanism.
22. Approval of the appointment of the Chief Financial Officer of the Company ("CFO") (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate.
23. Carrying out any other functions as provided under the Companies Act, the SEBI Listing Regulations and other applicable laws.
24. To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time.
25. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances; and
26. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
27. Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower.
28. Such roles as may be prescribed under the Companies Act and SEBI Listing Regulations.

(b) Number of Meetings: During the FY 2022-23, four (4) meetings were held i.e., on May 05, 2022; July 21, 2022; October 20, 2022; January 19, 2023.

(c) Composition of the Committee and Meetings attended by each member:

Name of the Member	Category	Position	Meetings	
			Held	Attended
Mrs. Shuba Rao Mayya	Independent Director	Chairperson	4	4
Mrs. Anita Ramachandran	Independent Director	Member	4	4
Mr. Venkatraman Narayanan	Executive Director	Member	4	4

IV. Nomination, Remuneration and Board Governance Committee

(a) Terms of Reference

The Nomination, Remuneration and Board Governance Committee has interalia the following mandate:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board.
3. Devising a policy on Board diversity.
4. Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report.
5. Analysing, monitoring and reviewing various human resource and compensation matters.
6. Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment and determining remuneration packages of such directors.

7. Recommending the remuneration, in whatever form, payable to the senior management personnel and other staff (as deemed necessary).
8. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws.
9. Determining whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
10. Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
11. Administering the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/plan ("ESOP Scheme").
12. Construing and interpreting the ESOP Scheme and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP Scheme.
13. Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time.
14. Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the Nomination, Remuneration and Board Governance Committee.
15. Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

(b) Number of Meetings: During the FY 2022-23, one (1) meeting was held i.e., on October 20, 2022.

(c) Composition of the Committee and Meetings attended by each member:

Name of the Member	Category	Position	Meetings	
			Held	Attended
Mr. Rajendra Kumar Srivastava	Independent Director	Chairperson	1	1
Mrs. Anita Ramachandran	Independent Director	Member	1	1
Mrs. Shuba Rao Mayya	Independent Director	Member	1	1
Mr. Ashok Soota	Executive Director	Member	1	1

(d) Performance Evaluation Criteria for the Independent Directors

The indicative criteria for evaluation of performance of the Independent Director that are provided in their terms of appointment are as under:

- (i) Attendance and contribution at Board and Committee meetings.
- (ii) Appropriate mix of expertise, skills, behavior, experience, leadership qualities, sense of sobriety and understanding of business, strategic direction to align company's value and standards.
- (iii) Knowledge of finance, accounts, legal, investment, marketing, foreign exchange/ hedging, internal controls, risk management, assessment and mitigation, business operations, processes, and corporate governance.
- (iv) Ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.
- (v) Effective decision-making ability.
- (vi) Ability to open channels of communication with executive management and other colleagues on Board to maintain high standards of integrity and probity.
- (vii) His/her global presence, rational, physical, and mental fitness, broader thinking, vision on corporate social responsibility etc.
- (viii) His/her ability to monitor the performance of management and satisfy himself/herself with integrity of the financial controls and systems in place by ensuring the right level of contact with external stakeholders.
- (ix) His/her contribution to enhance overall brand image of the Company.

V. Administrative and Stakeholders Relationship Committee

(a) Terms of Reference

The Administrative and Stakeholders Relationship Committee has interalia the following mandate:

1. Redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non-receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc., and assisting with quarterly reporting of such complaints.
2. Reviewing of measures taken for effective exercise of voting rights by shareholders.
3. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures, or any other securities.
4. Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures, and other securities from time to time.
5. Reviewing the measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
6. Reviewing the adherence to the service standards by the Company with respect to various services rendered by the registrar and transfer agent of the Company and to recommend measures for overall improvement in the quality of investor services.
7. Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority.

(b) Number of Meetings: During the financial year 2022-2023, three (3) meetings were held i.e., on May 05, 2022; July 21, 2022, and January 19, 2023.

(c) Composition of the Committee and Meetings attended by each member:

Name of the Member	Category	Position	Meetings	
			Held	Attended
Mrs. Anita Ramachandran	Independent Director	Chairperson	3	3
Mrs. Shuba Rao Mayya	Independent Director	Member	3	3
Mr. Venkatraman Narayanan	Executive Director	Member	3	3

(d) Name and designation of Compliance Officer: Mr. Praveen Kumar Darshankar, Company Secretary & Compliance Officer.

(e) Details of Shareholders' complaints:

- (i) Number of shareholders complaints received upto March 31, 2023: 191
- (ii) Number of shareholders complaints resolved upto March 31, 2023: 191
- (iii) Number of pending complaints as on March 31, 2023: Nil

VI. Corporate Social Responsibility Committee

(a) Terms of Reference

The Corporate Social Responsibility Committee has interalia the following mandate:

1. To formulate and recommend to the board, a corporate social responsibility policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act and the rules made thereunder and make any revisions therein as and when decided by the Board.
2. To Identify corporate social responsibility policy partners and corporate social responsibility policy programmes.
3. To recommend the amount of expenditure to be incurred for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company.

4. To delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities.
5. To review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes; and
6. To perform such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act.

(b) Number of Meetings: During the FY 2022-23, one (1) meeting was held i.e., on May 05, 2022.

(c) Composition of the Committee and Meetings attended by each member:

Name of the Member	Category	Position	Meetings	
			Held	Attended
Mrs. Shuba Rao Mayya	Independent Director	Chairperson	1	1
Mr. Ashok Soota	Executive Director	Member	1	1
Mr. Joseph Anantharaju	Executive Director	Member	1	1

VII. Risk Management Committee

(a) Terms of Reference

The Risk Management Committee has interalia the following mandate:

1. To assist the Board in fulfilling its responsibilities with regard to the identification, evaluation and mitigation of strategic, operational, and external environment risks.
2. Formulating, monitoring, and overseeing the risk management plan and policy of the Company.
3. Review the Cyber Security Functions of the Company on regular intervals.
4. Approve/recommend to the Board for its approval/review the policies, risk assessment models, strategies, and associated frameworks for the management of risk.
5. To perform such other duties and functions as the Board may require or as may be prescribed by applicable law, from time to time.

(b) Number of Meetings: During the FY 2022-23, Two (2) meetings were held on July 21, 2022, and January 18, 2023.

(c) Composition of the Committee and Meetings attended by each member:

Name of the Member	Category	Position	Meetings	
			Held	Attended
Mr. Joseph Anantharaju	Executive Director	Chairperson	2	2
Mrs. Anita Ramachandran	Independent Director	Member	2	2
Mrs. Shuba Rao Mayya	Independent Director	Member	2	2
Mr. Venkatraman Narayanan	Executive Director	Member	2	2

VIII. Strategic Initiatives Committee

(a) Terms of Reference

The Strategic Initiatives Committee has interalia the following mandate:

1. Strategic planning;
2. New strategic projects and initiatives;
3. Mergers, acquisitions and joint ventures;
4. Asset management (including physical infrastructure and information technology);
5. Strategic human resources and other matters;
6. To perform such other duties and functions as the Board may require from time to time.

(b) Number of Meetings: During the FY 2022-23, one (1) meeting was held i.e., on January 18, 2023.

(c) Composition of the Committee and Meetings attended by each member:

Name of the Member	Category	Position	Meetings	
			Held	Attended
Mr. Rajendra Kumar Srivastava	Independent Director	Chairperson	1	1
Mrs. Anita Ramachandran	Independent Director	Member	1	1
Mr. Ashok Soota	Executive Director	Member	1	1
Mr. Venkatraman Narayanan	Executive Director	Member	1	1
Mr. Joseph Anantharaju	Executive Director	Member	1	1

IX. Remuneration to Directors:

(a) Criteria of Making Payments to Non-Executive Directors

Non-Executive Directors are paid sitting fees for attending the Meetings of the Board and of Committees of which they are members at the rate of ₹ 1,00,000/- (Rupees One Lakh Only) per meeting and commission based on their performance provided however that the aggregate remuneration including commission, so paid to such Directors in a financial year shall not exceed 1% of the net profits of the Company.

(b) Criteria of Making Payments to Executive Directors

The Executive Directors are paid as per the remuneration approved by the Shareholders at the time of their appointment, which is in line with the statutory requirements and the Company's policies. A revision in remuneration, if any, is recommended by the Nomination Remuneration and Board Governance Committee to the Board for its consideration by taking into account their individual performance and as well the performance of the Company in a given year. Perquisites, performance-linked incentives, and retirement benefits are paid in accordance with the Company's compensation policies, as applicable to all employees, which also details the criteria for such payments. As per the current terms of their appointment, none of the Executive Directors are entitled to commission on the net profits of the Company.

(c) Details of Remuneration paid to Directors for the FY 2022-23

Name of the Director	Salary (In ₹ lakhs)		Perquisites (In lakhs)	Sitting Fees & Commission (In lakhs)	Shares Issued under ESOPs	Total Remuneration paid (In lakhs)	Details of Service Contracts, Notice Period & Severance fees
	Fixed	Variable					
Mr. Ashok Soota	90	34	4	NIL	NIL	128	Appointed as Executive Chairman and Director for a period of 5 years from April 01, 2019, till March 31, 2024. All other terms as per employment agreement. Three months' notice period and no severance fees.
Mr. Joseph Anantharaju	272	104	13	NIL	NIL	389	Appointed as a Whole-time Director of the Company designated as Executive Vice Chairman, for a period of five years from November 4, 2020, to November 3, 2025. All other terms as per employment agreement. Three months' notice period and no severance fees.
Mr. Venkatraman Narayanan	92	36	6	NIL	NIL	134	Appointed as the Managing Director and Chief Financial Officer of the Company, for a period of five years from November 4, 2020, to November 3, 2025. All other terms as per employment agreement. Three months' notice period and no severance fees.
Mrs. Anita Ramachandran	Nil	Nil	Nil	25	Nil	25	NA
Mr. Rajendra Kumar Srivastava	Nil	Nil	Nil	30	Nil	30	NA
Mrs. Shuba Rao Mayya	Nil	Nil	Nil	25	Nil	25	NA

X. General Body Meetings

Annual General Meetings (AGM)

The Annual General Meetings of the Company were held at the registered office of the Company either through video conference or through physical presence. Details of last three AGMs held are as below:

Financial Year	Date	Time (IST)	Mode of Meeting
2019-2020	August 6, 2020	5:00 p.m.	Physical
2020-2021	July 7, 2021	4:00 p.m.	Video Conference
2021-2022	June 30, 2022	4:00 p.m.	Video Conference

All resolutions moved at the Annual General Meetings were passed through remote e-voting or by show of hands by the requisite majority of members attending the meeting. The following are the special resolutions passed at the previous three AGMs:

AGM held on	Summary of Special Resolutions
August 6, 2020	<ol style="list-style-type: none"> Appointment of Mr. Rajendra Kumar Srivastava as Non-Executive Independent Director of the Company; Appointment of Ms. Anita Ramachandran as Non-Executive Independent Director of the Company; Appointment of Ms. Shuba Rao Mayya as Non-Executive Independent Director of the Company; Approval of payment of commission to Non-Executive Directors of the Company.
July 7, 2021	<ol style="list-style-type: none"> Appointment of Mr. Joseph Vinod Anantharaju as Whole-time Director of the Company designated as Executive Vice Chairman, for a period of five years from November 4, 2020, to November 3, 2025 Appointment of Mr. Venkatraman Narayanan as Managing Director and Chief Financial Officer of the Company, for a period of five years from November 4, 2020, to November 3, 2025. Ratification and approval of the 'Happiest Minds Employee Stock Option Scheme 2020', formulated and approved prior to the Initial Public Offering of the Company.
June 30, 2022	There were no special resolutions proposed/passed in this meeting.

Extra-Ordinary General Meetings (EGM)

During the year there were no Extra-Ordinary General Meeting held.

Postal Ballot

During the year, the Company had sought the approval of the shareholders by way of a Special Resolution through notice of postal ballot dated October 11, 2022 for raising of funds through Qualified Institutional Placement (QIP) through remote E-voting (Voting through Electronic means) in compliance with section 110 of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014. The Resolution was approved with requisite majority on November 10, 2022, and the results of the Postal Ballot were displayed on the website of the Company (https://www.happiestminds.com/investors/Scrutinizer_Report_and_Voting_results.pdf).

XI. Means of Communication

(a) Financial Results and Newspaper Publication

Quarterly and annual financial results are filed with stock exchanges and displayed on stock exchanges websites. The results are also made available on the Company's website. The results are also normally published in The Financial Express (English newspaper – all India edition) and Vishwavani (Regional Newspaper).

(b) Website

The Company maintains an active website at <https://www.happiestminds.com/investors/> wherein all the information relevant for the Shareholders are displayed.

(c) Press Releases and Analysts/Investors Presentations

The official news releases, meetings scheduled with analysts and detailed presentations made to analysts are disseminated to stock exchanges and as well displayed on the Company's website at <https://www.happiestminds.com/investors/>. The management participates in the analyst/earnings call every quarter, after the announcement of results. The audio recording of analyst calls and transcripts are posted on the Company's website.

(d) Annual report

Annual Report containing audited standalone and consolidated financial statements together with Board's Report, Auditors' Report and other reports/information are circulated to members entitled thereto and is also made available on the Company Website at <https://www.happiestminds.com/investors/>.

XII. General Shareholders Information

General shareholder information is provided under "Shareholders Information" section attached as Annexure II to this Report.

XIII. Other Disclosures

(a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large.

During the financial year ended March 31, 2023, there were no materially significant related party transactions that had potential conflict with the interest of the Company at large.

(b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to capital markets, during the last three years

The Company became a listed company from September 17, 2020. No penalty or stricture was imposed by the Stock Exchanges or SEBI or any other authority, from the date of listing. All applicable requirements were fully complied with.

(c) Vigil Mechanism/Whistle-Blower Policy

The Company has adopted a Whistle Blower Policy and has established the necessary Vigil Mechanism as required under Regulation 22 of the SEBI (LODR) Regulations, the details of which have been provided in the Board's Report. The Company affirms that no personnel has been denied access to the Audit Committee.

(d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company has complied with all the applicable mandatory requirements of SEBI (LODR) Regulations. Details of adoption of non-mandatory requirements are provided in clause XV below.

(e) Weblink for Policy on determination of Material Subsidiary and Policy on Related Party Transactions

Both the policies can be accessed at <https://www.happiestminds.com/investors/policy-documents/>.

(f) Disclosure of Commodity price risks and commodity hedging activities

The Company does not deal in commodities and hence the disclosure pursuant to SEBI (LODR) Regulations is not applicable.

(g) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

During the financial year ended March 31, 2023, there were no funds raised through preferential allotment or qualified institutions placement.

(h) Certificate from Practicing Company Secretary on Non-Disqualification of Directors

The Company has obtained a certificate from a Practicing Company Secretary that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority in accordance with SEBI (LODR) Regulations. Copy of the Certificate is attached as Annexure III.

(i) Recommendation of Committees

During the financial year ended March 31, 2023, the Board of Directors of the Company had accepted recommendation of all the committees of the Board, which were mandatorily required.

(j) Auditors' Remuneration

The details of total fees for all services paid by the Company during FY 2022-23, to the Statutory Auditors are as follows:

Particulars	Amount (in ₹ lakhs)
Payment to Statutory Audit fees (including out of pocket expenses)	78
Certification fees	7
Total	85

(k) Disclosures as required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a gender neutral Anti-Sexual Harassment Policy at workplace which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the applicable rules, the details of which have been provided in the Boards' Report.

Details of sexual harassment complaints received:

- (i) No. of complaints received during FY 2022-23: Nil
- (ii) No. of complaints disposed of during FY 2022-23: NA
- (iii) No. of complaints pending as on end of the FY 2022-23: NA
- (l) Disclosure of Loans and advances in the nature of loans to firms/companies in which directors are interested:

During the Financial Year ended March 31, 2023, there are no loans or advances provided by the Company and its subsidiaries to firms/companies in which directors are interested.

XIV. Non-compliance of Regulations relating to Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, if any

The Company is fully compliant with SEBI (LODR) Regulations and there are no such non-compliances to report.

XV. Discretionary Requirements

The Company has adopted the following discretionary requirements as provided in the SEBI (LODR) Regulations:

(a) Modified opinion(s) in Audit Report

The Company is in the regime of unmodified opinions on financial statements and that the Auditors of the Company have issued Audit Reports with unmodified opinion on the standalone and consolidated financial statements for the financial year ended March 31, 2023.

(b) Reporting of Internal Auditor

The Internal Auditors of the Company report directly to the Audit Committee and are invited to be present as invitees at the Audit Committee meetings held every quarter.

XVI. Disclosures with respect to Demat Suspense Account/Unclaimed Suspense Account

The Company does not have any unclaimed shares and hence the disclosure pursuant to SEBI (LODR) Regulations is not applicable.

XVII. Compliance

The Company is in compliance with all the mandatory requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR), Regulations, 2015 as applicable with regards to Corporate Governance.

The Company has obtained a certificate from a Practicing Company Secretary in compliance with the conditions of Corporate Governance as stipulated in SEBI (LODR) Regulations. A Copy of the Certificate is attached to the Boards' Report.

ANNEXURE I TO CG REPORT

CEO / CFO CERTIFICATION

May 08, 2023
The Board of Directors
Happiest Minds Technologies Limited
Bengaluru

We, Joseph Anantharaju, Executive Vice Chairman & CEO-PES, Rajiv Shah, President & CEO-DBS, Ram Mohan C, President & CEO-IMSS and Venkatraman Narayanan, Managing Director & CFO of Happiest Minds Technologies Limited to the best of our knowledge and belief, certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the quarter and financial year ended March 31, 2023 and confirm that:
 - (i) these financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these financial statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations;
- (b) There is, to the best of our knowledge and belief, no transaction entered into by the Company during the quarter and financial year ended March 31, 2023, which is fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining Internal Controls for financial reporting and that we have evaluated the effectiveness of Internal Control Systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such Internal Controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the Auditors and the Audit committee that for the quarter and financial year ended March 31, 2023, that there were:

- (i) no significant changes in Internal Control over financial reporting;
- (ii) no significant changes in accounting policies and that the same have been disclosed in the notes to the financial statement; and
- (iii) no instances of significant fraud of which we have become aware and there has been no involvement therein of the management or an employee having a significant role in the Company's Internal Control System over financial reporting.

We further declare that all the Board Members and Senior Management Personnel have affirmed compliance with Code of Conduct in respect of the financial year ended March 31, 2023.

**Executive Vice Chairman
& CEO-PES**
Bengaluru, India

President & CEO-DBS
Bengaluru, India

President & CEO-IMSS
Bengaluru, India

MD & CFO
Bengaluru, India

ANNEXURE II TO CG REPORT

SHAREHOLDERS INFORMATION

1. Annual General Meeting (AGM) of the Company

Date: Monday, the July 17, 2023
Time: 4.00 pm (IST)
Venue: Through Video Conference. For details, please refer to Notice of this AGM.

2. Financial Year

The financial year of the Company was from April 1, 2022, to March 31, 2023. The quarterly results for the financial year were announced as follows:

For the quarter ended June 30, 2022	July 21, 2022
For the quarter ended September 30, 2022	October 20, 2022
For the quarter ended December 31, 2022	January 19, 2023
For the quarter and Financial Year ended March 31, 2023	May 08, 2023

Company's tentative calendar (subject to change) for the announcement of quarterly results & AGM during the financial year 2023-24 would be as below:

For the quarter ended June 30, 2023	July, 2023
For the quarter ended September 30, 2023	October, 2023
For the quarter ended December 31, 2023	January, 2024
For the quarter and financial year ended March 31, 2024	April, 2024
For Annual General Meeting of the Company	June, 2024

3. Dividend Payment

The Board of Directors of the Company has recommended a final dividend of ₹ 3.40/- per equity share of face value of ₹ 2/- each, for the financial year ended March 31, 2023, subject to the approval of the shareholders at the ensuing AGM.

The Register of Members of the Company will be closed from Saturday, July 08, 2023, to Monday, July 17, 2023, (both days inclusive) for the purpose of the AGM, annual closing and for determining entitlement of members for the final dividend for FY'23. The record date for payment of the final dividend would be July 07, 2023.

The final dividend, if approved, will be paid on or after July 24, 2023.

4. Stock Exchanges

The Company's equity shares are listed on following Stock Exchanges as on March 31, 2023:

Name of the Exchange and Stock Code	Address & Contact details
BSE Limited ("BSE") Stock Code: 543227 & 974728	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001, Maharashtra, India Tel: +91 22 22721233/34; Fax: +91 22 22721919
National Stock Exchange of India Limited ("NSE") Stock Code: HAPPSTMNDS	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051, Maharashtra, India Tel: +91 22 26598100-14; Fax: +91 22 26598120

The Company hereby confirms that it has duly paid the listing fees for the financial year 2023-24 to both BSE and NSE. It further confirms that the equity shares of the Company have never been suspended from trading either by the BSE or NSE from the time it has been listed.

5. Stock Market Price Data

High and Low (based on daily closing prices) and volume (total number of equity shares traded) during each month in the last financial year ended March 31, 2023, is as follows:

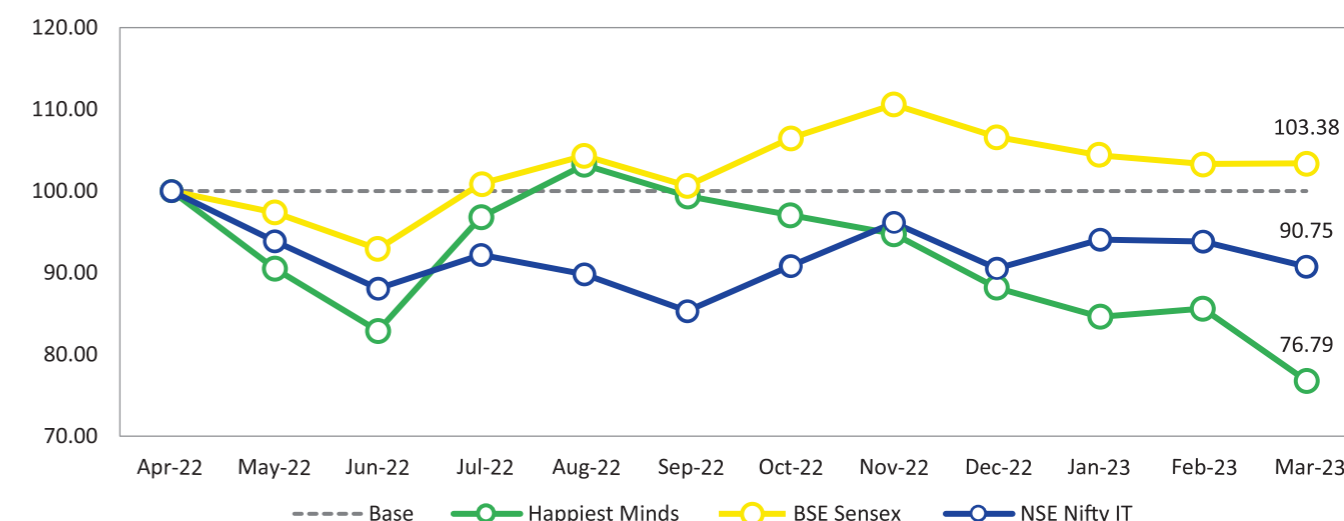
Month	BSE			NSE		
	High (Amt in ₹)	Low (Amt in ₹)	Total Volume (in lakhs)	High (Amt in ₹)	Low (Amt in ₹)	Total Volume (in lakhs)
April, 2022	1,178.85	991.1	8.09	1,179.40	990	57.5
May, 2022	1,023.90	823.55	11.12	1,024.90	823	81.02
June, 2022	1,024.00	785.55	32.23	1,023.90	785.6	115.1
July, 2022	1,032.95	812.70	12.76	1,027.75	813.00	111.18
August, 2022	1,136.45	943.00	12.45	1,136.00	946.00	152.56
September, 2022	1,091.30	965.75	9.53	1,092.90	965.00	73.62
October, 2022	1,043.05	969.00	9.38	1,043.65	969.00	42.49
November, 2022	1,014.70	920.65	5.77	1,014.60	866.00	45.61
December, 2022	996.00	845.45	6.36	996.15	845.45	47.06
January, 2023	895.15	822.35	4.06	895.00	822.00	46.84
February, 2023	928.00	825.00	6.33	928.85	828.00	63.66
March, 2023	873.90	763.50	5.48	873.80	763.25	41.07

6. Stock Performance

Performance of the Company's equity shares (closing share price on last trading day of each month) on NSE in comparison to BSE Sensex and NSE Nifty IT during the financial year ended March 31, 2023, is as follows:

Month	Happiest Minds	BSE Sensex	NSE Nifty IT
April, 2022	999.90	57,060.87	31,622.40
May, 2022	905.10	55,566.41	29,679.05
June, 2022	828.95	53,018.94	27,843.35
July, 2022	967.95	57,570.25	29,152.30
August, 2022	1,031.90	59,537.07	28,407.90
September, 2022	993.95	57,426.92	26,981.15
October, 2022	970.35	60,746.59	28,727.60
November, 2022	947.55	63,099.65	30,391.70
December, 2022	881.20	60,840.74	28,621.70
January, 2023	846.10	59,549.90	29,740.35
February, 2023	856.05	58,962.12	29,663.95
March, 2023	767.85	58,991.52	28,698.60

Stock Performance



7. Registrars and Transfer Agents (RTA)

All work related to Share Registry, both in physical and electronic form, are handled by the Company's Registrar and Share Transfer Agent, whose name and contact details are as given below:

M/s. KFin Technologies Limited
Unit: Happiest Minds Technologies Limited
"Selenium" Tower B, Plot No. 31 & 32, Financial District, Nanakramguda,
Serilingampally Mandal, Hyderabad - 500 032, Telangana, India
Tel. No. + 91 - 1 - 800-309-4001; E-mail: einward.ris@kfintech.com
Website: <https://www.kfintech.com/>

8. Share Transfer System

Pursuant to Regulation 40 (1) of SEBI (LODR) Regulations, effective from April 1, 2019, transfer of shares in physical mode has been discontinued and accordingly the Company has not processed transfer of shares in physical mode (except in case of request received for transmission or transposition of shares) from the time the said Regulation was applicable and all the transfer of shares would be carried out only in dematerialized form by the respective Depository Participants of the shareholders.

Accordingly, shareholders holding shares in physical form are urged to have their shares dematerialized at the earliest so that they can transfer them in dematerialized form and participate in various corporate actions.

9. Distribution of Shareholding

(a). Distribution of equity shareholding as on March 31, 2023:

Category (No. of Shares)	No. of Shareholders	% of Shareholders	No. of Shares	% of Total No. of Shares
1 – 5,000	729,099	99.81	34,242,532	23.32
5,001 – 10,000	679	0.09	2,436,515	1.65
10,001 – 20,000	345	0.05	2,447,630	1.67
20,001 – 30,000	125	0.01	1,524,078	1.04
30,001 – 40,000	59	0.01	1,033,954	0.70
40,001 – 50,000	28	0.01	631,373	0.43
50,001 – 100,000	61	0.01	2,174,816	1.48
100,001 & above	90	0.01	102,372,658	69.71
Total	730,486	100	146,863,556	100

(b). Shareholding pattern:

Category of Shareholders	As on March 31, 2023*				As on March 31, 2022			
	No. of Shareholders	% of total Shareholders	Total Shares	% of total shares	No. of Shareholders	% of total Shareholders	Total Shares	% of total Shares
Promoters and Promoter group	6	0.00	78,193,080	53.24	6	0	78,214,420	53.26
Body corporates	808	0.11	5,696,614	3.88	826	0.12	3,293,558	2.24
FII's/NRI's/FPI's	7,759	1.09	9,783,028	6.66	4,857	0.72	11,819,453	8.05
Mutual funds/ Banks/ FI's/ QIB	15	0.00	1,147,570	0.78	15	0	2,173,041	1.48
Clearing Members	69	0.01	28,309	0.02	127	0.02	238,872	0.16
Trust	4	0.00	865	0.00	5	0	2,800	0
Public	702,907	98.78	52,014,090	35.42	669,286	99.14	51,121,412	34.81
Total	711,568	100.00	146,863,556	711,568	675,122	100	146,863,556	100

* Post consolidation of multiple folios/client IDs

10. Dematerialization of shares and liquidity

98.98% of the Company's shares are in dematerialized form as on March 31, 2023, held with both the Depositories viz., the National Securities Depository Limited ('NSDL') and the Central Depository Services (India) Limited ('CDSL') and the break-up is as follows:

Description	As on March 31, 2023*			As on March 31, 2022		
	No of Holders	No. of Shares	% to Total Shares	No of Holders	No. of Shares	% to Total Shares
NSDL	171,585	119,045,277	81.06	167,972	119,875,867	81.62
CDSL	558,754	26,316,877	17.92	524,240	23,960,285	16.32
Physical	147	1,501,402	1.02	368	3,027,404	2.06
Total	730,486	146,863,556	100.00	692,580	146,863,556	100.00

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's equity shares is INE419U01012.

11. Outstanding Global Depository Receipts (GDR) or American Depository Receipts (ADR) or warrants or any convertible instruments, conversion date and likely impact on equity

The Company has no outstanding GDR / ADR / warrants or any convertible Instruments as of March 31, 2023.

12. Commodity price risk or foreign exchange risk and hedging activities

The Company does not deal in commodities and hence the disclosure pursuant to SEBI (LODR) Regulations is not applicable. For a detailed discussion on foreign exchange risk and hedging activities with regard to Company's revenue in foreign currency, please refer to the Management Discussion and Analysis Report forming part of the Annual Report.

13. Plant Locations

We do not have any manufacturing plants. The registered office address and the branch locations along with the contact details have been provided separately in the Annual Report and the details are also available at <https://www.happiestminds.com/location/>.

14. Address for Correspondence

Shareholders can send their correspondence with respect to their shares, dividend, request for annual reports and grievances, if any to the Company's RTA as per contact details provided in Sl.No.7 above. They can also correspond with the Company as per below contact details:

Mr. Praveen Kumar Darshankar
Company Secretary & Compliance Officer
Happiest Minds Technologies Limited
#53/1-4, Hosur Main Road, Madivala, Bengaluru-560068,
Karnataka, India; Tel No.: +91 80 61960300
Email: investors@happiestminds.com

The Company has also designated a person for addressing queries relating to results/analyst calls viz., Mr. Sunil Gujjar, Head of Investor Relations and he can be contacted at the above address and through email at IR@happiestminds.com.

15. Credit Ratings

The following are the credit ratings of the Company issued by India Ratings and Research (Ind-Ra) and Care Ratings Limited for the loans and debt instruments issued by the Company. The instrument-wise ratings outlook and action are as follows:

India Ratings and Research (Ind-Ra):

Instrument type	Maturity Date	Size of Issue (₹ Mn)	Rating Outlook	Rating action
Term Loans	January, 2024	348.44	INDA+/Positive	Outlook revised to Positive from Stable
Fund Based Limit	NA	2,300	IND A+/Positive/IND A1+	Outlook revised to Positive from Stable

Care Ratings Limited:

Instrument type	Maturity Date	Size of Issue (₹ Mn)	Rating Outlook	Rating action
Non-convertible debenture	Tranche I- March 27, 2026 Tranche II- May 08, 2026	1,250	CARE AA-/ Stable (Double A Minus)	Stable
Long term bank facilities	July, 2032	1,250	CARE AA-/ Stable (Double A Minus)	Stable

ANNEXURE I TO CG REPORT

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
HAPPIEST MINDS TECHNOLOGIES LIMITED
53/1-4, Hosur Main Road, Madivala
(Next to Madivala Police Station)
Bengaluru - 560068

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **HAPPIEST MINDS TECHNOLOGIES LIMITED**, having CIN - L72900KA2011PLC057931 and having registered office at # 53/1-4, Hosur Main Road, Madivala (Next to Madivala Police Station), Bengaluru - 560068 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India (SEBI) and Ministry of Corporate Affairs (MCA).

Details of Directors:

Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	Mrs. Anita Ramachandran	00118188	June 04, 2020
2.	Mr. Ashok Soota	00145962	April 01, 2011
3.	Mr. Venkatraman Narayanan	01856347	January 16, 2018
4.	Mr. Rajendra Kumar Srivastava	07500741	June 04, 2020
5.	Mrs. Shuba Rao Mayya	08193276	June 04, 2020
6.	Mr. Joseph Vinod Anantharaju	08859640	November 04, 2020

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V SREEDHARAN & ASSOCIATES

Company Secretaries

Devika Sathyanarayana

Partner
FCS: 11323; CP No. 17024

Place: Bengaluru

Date: May 8, 2023

UDIN: F011323E000267601

Business Responsibility & Sustainability Reporting

Section A: General Disclosures

I. Details of the listed entity

- Corporate Identity Number (CIN) of the Listed Entity** - L72900KA2011PLC057931
- Name of the Listed Entity** - Happiest Minds Technologies Limited
- Year of Incorporation** - March 30, 2011
- Registered office address** - 53/1-4, Hosur, Main Road, Madivala, Bengaluru-560068, Karnataka
- Corporate address** - 53/1-4, Hosur, Main Road, Madivala, Bengaluru-560068, Karnataka
- E-Mail** - legal@happiestminds.com
- Telephone** - 08061960300
- Website** - www.happiestminds.com
- Financial year for which reporting is being done** - FY 2022-23
- Name of the Stock Exchange(s) where shares are listed** - National Stock Exchange of India/Bombay Stock Exchange
- Paid-up Capital** - ₹29,37,27,112
- Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR Report** - Aurobinda Nanda, President - Operations (Legal@happiestminds.com), Telephone - 08061960300
- Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (for the entity and all the entities which form a part of its consolidated financial statements, taken together)** - Disclosures made in this report are on a standalone basis and pertain only to Happiest Minds Technologies Ltd.

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the Entity
1.	Information and communication	Computer programming, consultancy, and related activities	100%

15. Products/Services sold by the entity (accounting for 90% of the entity's turnover):

S. No.	Product/Service	NIC Code	% of Total Turnover Contributed
1.	Computer programming and related activities	6201	100%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	Not Applicable	7	7
International	Not Applicable	12	12

17. Markets served by the entity:

a. Number of Locations

Locations	Number
National (No. of States)	7
International (No. of Countries)	7

b. What is the contribution of exports as a percentage of the total turnover of the entity?

83.68%

c. A brief on types of customers

Happiest Minds Technologies is in the business of providing digital transformation solutions. The Company provides a unique blend of services like cloud computing, social computing, big data, and mobility solutions amongst others. The Company's clients range across geographies and various sectors, viz., automotive, banking, consumer goods, e-commerce, manufacturing, retail, travel and hospitality, etc. The Company also believes in forging long-term partnerships with clients & hence additional criteria such as client turnover and IT budget are used as lead indicators of potential to scale and deliver value in multiple areas.

IV. Employees

18. Details as at the end of the Financial Year i.e.

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	4,589	3,337	73%	1,252	27%
2.	Other than Permanent (E)	328	233	71%	95	29%
3.	Total employees (D + E)	4,917	3570	73%	1,347	27%

Note: The Company does not have any workers as defined in the guidance note on BRSR.

b. Differently abled employees

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	6	3	50%	3	50%
2.	Other than Permanent (E)	2	1	50%	1	50%
3.	Total differently abled employees (D + E)	8	4	50%	4	50%

19. Participation/inclusion/representation of women

	Total (A)	No. and percentage of females	
		No. (B)	% (B/A)
Board of Directors	6	2	33%
Key Management Personnel	1	0	0%

20. Turnover rate for permanent employees and workers

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	20.33%	18.33%	19.79%	23.42%	20.60%	22.71%	12.70%	11.56%	12.43%

V. Holding, subsidiary and associate companies (including a joint venture)

21. a. Name of the holding/subsidiary/associate companies / joint ventures (A) –

S. No.	Name of the holding/subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% Of shares held by the listed entity	Do the entities indicated in column A participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Happiest Minds Inc	Wholly Owned Subsidiary	100%	Yes
2.	Sri Mookambika Infosolutions Private Limited (SMI)	Wholly Owned Subsidiary	100%	Yes

VI. CSR details

22.

- Whether CSR is applicable as per Section 135 of Companies Act, 2013: Yes
- Turnover: ₹ 1,33,255 Lakhs.
- Net worth: ₹ 82,598 Lakhs.
- Total amount spent on CSR for FY 2022-23: ₹ 333 Lakhs.

VII. Transparency and Disclosures Compliances

23. Complaints/grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC)

Stakeholder group from whom the complaint is received	Grievance Redressal Mechanism(s) in Place (Yes/No) (If yes, then provide a web link for Grievance Redressal Policy)	FY 2022-23			FY 2021-22		
		Current Financial Year			Previous Financial Year		
		Number of complaint(s) filed during the year	Number of complaint(s) pending resolution at the close of the year	Remarks	Number of complaint(s) filed during the year	Number of complaint(s) pending resolution at the close of the year	Remarks
Communities	NA	NIL	NA	-	NIL	NA	-
Investors (other than shareholders)	NA	NIL	NA	-	NIL	NA	-
Shareholders	YES	191	NIL	-	232	NIL	-
Employees And workers	NIL	NIL	NA	-	NIL	NA	-
Customers	YES	14	NIL	-	13	NIL	-
Value Chain Partners	NA	NIL	NA	-	NIL	NA	-
Others	NA	NIL	NA	-	NIL	NA	--

24. Overview of the entity's material responsible business conduct issues: Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk, as per the following format:

Refer page number 34 under the section 'Addressing the most critical matters'

Section B: Management and Process Disclosures

The National Guidelines for Responsible Business Conduct (NGRBC) as prescribed by the Ministry of Corporate Affairs advocates nine principles referred to as P1-P9 as given below:

P1	Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent, and accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive towards all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment
P7	Businesses when engaging in influencing public and regulatory policy should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	P1 Ethics & Transparency	P2 Product Responsibility	P3 Human Resources	P4 Responsiveness to Stakeholders	P5 Respect for Human Rights	P6 Responsible Lending	P7 Public Policy Advocacy	P8 Inclusive Growth	P9 Customer Engagement

Policy and management processes

1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No) (Refer Note 1)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web link of the policies, if available	https://www.happiestminds.com/investors/policy-documents/Business%20Responsibility%20Policy.pdf								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/ No)	No								
4. Name the national and international codes/ certifications/ labels/standards	<ul style="list-style-type: none"> ISO 9001:2015: Quality Management System ISO 27001:2013: Information Security Management System ISO 27701: 2019: Privacy Information Management System CREST: Penetration Testing Operating in EMEA 								
5. Specific commitments, goals, and targets set by the entity with defined timelines, if any.	<ol style="list-style-type: none"> Achieve carbon neutrality in the Company's operation by 2030. Establish and drive sustainable power usage & water conservation techniques. Establish volunteering and community involvement programs to cover at least 20% of the Company's teams. Support community through partnership with NGOs to improve food & nutrition, environmental sustainability, and access to healthcare. Disclosure levels to be in the top 10% of comparable and best-listed entities in India. 								
6. Performance of the entity against specific commitments, goals and targets along with reasons in case the same are not met.	At each Board Meeting, the following are presented and reviewed: <ol style="list-style-type: none"> Performance against annual financial and strategic plan. Review of the inorganic growth plans of the Company. Objective set for the Management vs. Achievement Performance against priorities for the Management for the quarter. Review of CSR, Environmental Compliances, Sustainability Framework, and Corporate Governance reports. 								

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	P1 Ethics & Transparency	P2 Product Responsibility	P3 Human Resources	P4 Responsiveness to Stakeholders	P5 Respect for Human Rights	P6 Responsible Lending	P7 Public Policy Advocacy	P8 Inclusive Growth	P9 Customer Engagement

Governance, Leadership and Oversight

7. Statement by the director responsible for the business responsibility report, highlighting ESG-related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)
Refer page 62 under the section 'MD & CFO's Letter'

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).
VENKATRAMAN NARAYANAN
Managing Director & CFO
(DIN: 01856347)

9. Does the entity have a specified Committee of the Board/Director responsible for decision-making on sustainability-related issues? (Yes / No). If yes, provide details.
Yes. The overall responsibility of Happiest Minds' corporate governance, ethics, and all the sustainability practices rests with the ESG Committee which plays a major role in decision-making and incorporating sustainability in core business decisions and internal operations.
This is a management level committee comprising of senior members across major functions at the Company and is chaired by a member of the senior management team. The Committee ensures the implementation of the Company's ESG strategy and strict compliance to the road map to achieve set targets. The ESG Committee also works on improving the Company's disclosures to effectively demonstrate the ESG commitment to all its stakeholders. The Committee comprises members across different functions and businesses that help in identifying ESG-related risks and related financial impacts for the Company. The ESG team meets once every quarter to review the ESG progress and performance.

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether a review was undertaken by the Director / Committee of the Board / Any other Committee									Frequency (Annually / Half Yearly / Quarterly / Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against the above policies and follow-up action	Y	Y	Y	Y	Y	Y	Y	Y	Y	Q	Q	Q	Q	Q	Q	Q	Q	Q
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Y	Y	Y	Y	Y	Y	Y	Y	Y	Q	Q	Q	Q	Q	Q	Q	Q	Q

11. Has the entity carried out an independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.

No; the processes and compliances, however, may be subject to scrutiny by internal auditors and regulatory compliances, as applicable. The policies are evaluated periodically and updated by various department heads and business heads and approved by the management or board to ensure alignment with the changing business dynamics. An internal assessment of the workings of the Business Responsibility (BR) policies is conducted periodically and when necessary, auditors within the organization and statutory requirements assess the practices and compliances.

12. If the answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Not Applicable.

Section C: Principle-Wise Performance Disclosure

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

ESSENTIAL INDICATOR

1. Percentage coverage by training and awareness programs on any of the principles during the financial year.

Segment	Total number of training and awareness programs held	Topics/principles covered under the training and its impact	% Of persons in their respective categories covered by the awareness programs
Board of Directors / Key Managerial Personnel (KMP)	o "Prevention of Sexual Harassment & Redressal Mechanism Policy" program o Mindfulness program		100% KMP has completed all the programs
Employees other than the Board of Directors or KMPs	o Mission, Vision and Values o Information Security Awareness training		97% of Happiest Minds Employees have attended Mission Vision & Values session 87% of Happiest Minds Employees have attended Mindfulness session 85% of Happiest Minds Employees have attended the POSH online program 90% of Happiest Minds Employees have completed Information Security Awareness

2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: The entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Nil

3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web link to the policy.

The Company's Anti-bribery policy is covered under clause 5.1 of the Integrity Policy. Happiest Minds' values are Sharing, Mindful, Integrity, Learning, Excellence, and Social Responsibility (SMILES). Integrity, one of the core values, involves respecting commitments not just in letter, but in spirit, by being reliable, trustworthy & dependable, exhibiting professional, intellectual and financial integrity by being truthful, transparent & honest, and sticking up for the right, not just the convenient.

Each of its stakeholders – Directors, Members of the Board, Members of the Advisory Board, Happiest Minds (team), Partners, Suppliers, and Consultants ("Stakeholders") – are responsible for complying with all applicable laws and regulations in each country in which the Company does business and for knowing and complying with the Integrity Policy. The Policy expects that no one at the Company practices any illegal or unfair means to do business and should not accept or give bribes, kickbacks, loans, inducements, gifts, favours, or any other improper payments, direct or indirect, to any government officials, current or prospective customers, suppliers or competitors to win a contract or for some commercial gain or revenue. The below-mentioned policies are given on the Company's website:

<https://www.happiestminds.com/investors/policy-documents>

<https://www.happiestminds.com/investors/policy-documents/Integrity%20Policy.pdf>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

	FY 2022-23	FY 2021-22
Directors	NIL	NIL
KMPs		
Employees		

6. Details of complaints with regards to conflict of interest

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of conflict of interest of directors	NIL	NA	NIL	NA
Number of complaints received in relation to issues of conflict of interest of KMPs	NIL	NA	NIL	NA

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

LEADERSHIP INDICATORS

1. Does the entity have processes in place to avoid/manage conflict of interests involving members of the board? (Yes/No) If yes, provide details of the same.

Yes, Happiest Minds has processes in place to avoid and manage conflicts of interest involving members of the board and the senior management. The Company's Code of Conduct for Directors and Senior Management states that the Board members and Senior Management of the Company are needed to abstain themselves from discussion, voting, or otherwise influencing a decision on any matter in which they have or may have a conflict of interest; restrict themselves from serving as a Director of any Company that is in direct competition with the Company, or must take prior approval from the Company's Board of Directors before accepting such position. Managerial Excellence and Development of Agile Leaders (MEDAL) covers the training program on avoiding conflicts with employee categories C7 and above (around 120 employees). The 'WE HEAR' tool is the mechanism followed by the Company where the matter of conflict can be raised and sent by email to the CPO directly. Later, a team is formed to resolve the conflict. The Company ensures that the operations must be done in compliance with the applicable laws, regulations, and rules, and the introduction of the Happiest Minds Code of Conduct serves as crucial to the success of the Company.

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of products and processes to total R&D and capex investments made by the entity, respectively.

	FY 2022-23	FY 2021-22	Details of improvement in Environmental and Social impacts
R&D	NA	NA	NA
Capex	3%	NA	CAPEX investments towards Renewable Energy Projects (Solar)

2. (a) Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes.

(b) If yes, what percentage of inputs were sourced sustainably?

Happiest Minds is conscious of the role of sustainability in its business and actively collaborates with vendors and suppliers to raise ethical and environmental standards throughout the supply chain. The Company has in place a sustainable sourcing policy, vendor code of conduct, and a value system sustainability framework to ensure compliance with all the ESG parameters across the value chain.

3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging), (b) E-waste, (c) Hazardous waste, and (d) other waste.

As a digital solutions provider company, there is limited scope for using recycled material as inputs for various business processes. Nonetheless, the Company continually seeks out opportunities to recycle waste.

The Company disposes of garbage safely by using the procedures listed below:

- Disposing of plastic waste through the Bruhat Bengaluru Mahanagara Palike (BBMP) and refraining from using plastic items and garbage covers in the cafeteria.
- The IS team is transporting E-waste to licensed vendors authorized by the Karnataka State Pollution Control Board (KSPCB) and receiving the certificate of disposal.
- Giving licensed suppliers from the KSPCB access to toxic materials like DG filters.
- Giving additional paper waste to BBMP for disposal.
- Dry garbage and food scraps are turned into manure and used for an indoor garden.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Not Applicable

LEADERSHIP INDICATORS

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for the manufacturing industry) or for its services (for the service industry)? If yes, provide details in the following format.

Not Applicable

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along with the action taken to mitigate the same.

Not Applicable

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Not Applicable

4. Of the products and packaging reclaimed at end of life of products, the amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

Not Applicable

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Not Applicable

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

1. a. Details of measures for the well-being of employees

Category	% Of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
PERMANENT EMPLOYEES											
Male	3,337	3,337	100%	3,337	100%	-	-	3,337	100%	3,337	100%
Female	1,252	1,252	100%	1,252	100%	1,252	100%	-	-	1,252	100%
Total	4,589	4,589	100%	4,589	100%	1,252	27%	3,337	73%	4,589	100%
OTHER THAN PERMANENT EMPLOYEES*											
Male	233	84	36%	84	36%	-	-	233	100%	84	36%
Female	95	42	44%	42	44%	95	100%	-	-	42	44%
Total	328	126	38%	126	38%	95	29%	233	71%	126	38%

*Health and Accident Insurance is provided to only Team Lease Partners.

b. Details of measures for the well-being of workers

Not Applicable

2. Details of retirement benefits for the current and previous financial year

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	NA	Y	100%	NA	Y
Gratuity	100%	NA	Y	100%	NA	Y
ESI	0.4%	NA	Y	0.4%	NA	Y
Others – please Specify	Not Applicable					

3. Accessibility of workplaces

Are the premises/offices accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

The Company's office and premises have been equipped with handrails, ramps and lifts to facilitate the movement of differently abled individuals thus making the premises access friendly. The Company also offers mechanized wheelchairs that may be used inside the building for individuals who may require such assistance.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Happiest Minds Technologies, being an equal opportunity employer, believes in promoting diversity and inclusion in its work culture, which allows all employees to contribute wholly with their skills, experience and perspective for creating unmatched value for all stakeholders. The Company endeavours to provide a safe, secure, and congenial work environment so that employees can deliver their best without inhibition. The Company has an "Equal Opportunity Statement".

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees	
	Return to work rate	Retention rate
Male	154	100%
Female	41	98%
Total	195	98%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Permanent Employees	Yes
Other than Permanent Employees	Yes

Happiest Minds' internal tool 'We Hear' is an online application which allows employees to raise their concerns or grievances to the senior leadership of the company in cases of discrimination or sexual harassment. The Internal Committee (IC) then takes appropriate action in a timely manner to and ensures effective resolution. Further the Audit Committee of the company is tasked with establishing a vigil mechanism for all the employees providing them with a platform to voice their concerns.

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Happiest Minds does not have any employee associations. The Corporation, however, recognises the right to freedom of association and does not discourage collective bargaining.

8. Details of training given to employees and workers

Category	FY 2022-23					FY 2021-22				
	Total (A)	On health and safety measures		On skill up gradation		Total (A)	On health and safety measures		On skill up gradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES										
Male	3,435	1,996	58%	1,553	45%	2,777	2,777	100%	1,186	49%
Female	1,308	623	48%	581	44%	967	967	100%	494	58%
Total	4,743	2,619	55%	2,134	45%	3,744	3,744	100%	1,680	51%

9. Details of performance and career development reviews of employees and workers

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
EMPLOYEES						
Male	3,074	3,074	100%	2,444	2,444	100%
Female	1,159	1,159	100%	1,300	1,300	100%
Total	4,233	4,233	100%	3,744	3,744	100%

10. Health and Safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage of such system?

Yes, the 'Health and Safety Policy' covers all the stakeholders of Happiest Minds including Trainees, Employees, Consultants, Vendor Partners, and Retainers.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Company has stringent guidelines to ensure health and safety of all the employees. The Company undertakes various measures to proactively identify risks, evaluate them and timely mitigate them to ensure a safe working environment.

- The Company records organizational safety and health performance, including work-related incidents, accidents, and severe illnesses like risks from epidemics, and it investigates any issues that do happen to reduce their frequency and severity.
- To ensure continuous implementation of applicable best practices in safety and health management, the company strives to interact closely with relevant external agencies and companies in its sector.
- All personnel are informed, fully engaged, and trained by the Company on safety and health issues. The Company also ensures that health and safety records are reviewed at regular intervals to guarantee compliance with applicable laws.

- The organisation promotes adopting best practices in health and safety among its vendors, contractors, and business partners.
- Adherence to the Health, Safety & Environment guidelines is confirmed periodically and is regularly reviewed internally.

c. Whether you have processes for workers to report work-related hazards and to remove themselves from such risks.

Not applicable owing to the nature of business.

d. Do the employees/workers of the entity have access to non-occupational medical and healthcare services?

Yes, the Company collaborated with well-known hospitals to provide internal stakeholders with consultations, and it has given all members free access to a 24/7 teleconsulting application from doctors. Additionally, it has given its staff amenities like:

- Medical Insurance, Voluntary Parental Insurance, Top Ups
- Salary Advances & Compassionate Loans for Medical Emergencies.
- Medical Teleconsultation for employees and their families.

11. Details of safety-related incidents

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one-million-person-hours worked)	employees	NIL	NIL
Total recordable work-related injuries	employees	NIL	NIL
No. of fatalities (safety incident)	employees	NIL	NIL
High-consequence work-related injury or ill health (excluding fatalities)	employees	NIL	NIL

12. Describe the measures taken by the entity to ensure a safe and healthy workplace

Happiest Minds is recognized with "Great Place to Work®" certifications among the top 10 'India's Best Workplaces in Health and Wellness 2022'. With these recognitions, the organization strives to maintain the workplace by undertaking various measures across its operations. The Company emphasizes the value of ensuring a secure and healthy working environment for all its personnel as well as and any contractors who perform work on its property. The business has a health and safety policy that details actions like:

- Investigating incidents that occur and working to lessen their frequency and severity are all parts of tracking internal health and safety performance, which includes work-related accidents, incidents, and severe ill-health occurrences like epidemic threats.
- To ensure the ongoing adoption of applicable health and safety management practices, the Company works closely with relevant external organizations and within its industry.
- Creating an adequate financial and material budget to effectively oversee health and safety.
- Emergency Teams monitor serious occurrences that pose a threat to the safety of the Company's facilities and could have an impact on the health and safety of employees, clients, or clients at the facilities. In the event of a fire alarm, a medical emergency, or a partial or complete evacuation of the specific Company location, the Facility Management & Administration Team responds. These teams' members go through pertinent training at least once a year.

To achieve the underlying principle of maintaining a Great Place to Work®, Happiest Minds has implemented several initiatives aimed at promoting the health and wellness of our employees. These initiatives include special focus programs like Mindfulness Training, HappiZest, our wellness initiative, and Mithra - the Good Samaritan Counselling Programme.

13. Number of complaints on the following made by employees:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working conditions	NIL	NIL	-	NIL	NIL	-
Health and Safety	NIL	NIL	-	NIL	NIL	-

14. Assessments for the year:

	% of your plants and offices that were assessed (by the entity or statutory authorities or third parties)
Health and Safety Practices	Currently, no assessments have been made. However, the Company follows the process in its Risk register and does include medical conditions like Covid-19 and safety precautions.
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health and safety practices and working conditions.

Not Applicable as per the nature/ownership of the Business

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death? (A) Employees (Y/N) (B) Workers (Y/N).

Yes, Life Insurance is provided as part of the Group Term Life Policy, which extends compensation and support to the families in the event of an employee's death.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company takes great care to ensure that the statutory dues applicable are deducted and deposited by the value chain partners and the same is periodically reviewed by the internal and statutory audit committee.

3. Provide the number of employees having suffered high-consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees		No. of employees that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees	NIL	NIL	NIL	NIL

4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

We at Happiest Minds, do not follow the retirement age policy.

5. Details on assessment of value chain partners

	% Of value chain partners (by the value of business done with such partners) that were assessed
Health and Safety Practices	We trust all our value chain partners to abide by current laws, including those governing working conditions and health and safety procedures, as part of the Company's Value Chain Sustainability Framework. Fair working conditions are guaranteed by policies on sustainable procurement and ESG.
Working conditions	

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners

The organization recognizes the significance of health and safety regulations in every business and conducts a Vendors Feedback Survey to ensure adherence to health and safety parameters across the value chain. Regarding the parameters, no corrective action plan was required in FY 2022-23.

PRINCIPLE 4 Businesses should respect the interests of and be responsive to all its stakeholders

ESSENTIAL INDICATORS

1. Describe the processes for identifying key stakeholder groups of the entity.

At Happiest Minds, key stakeholders are identified through an exercise undertaken in consultation with the Company's management. The prioritized list of stakeholders includes customers, employees, shareholders, investors, government and regulatory bodies, communities and NGOs, staffing agencies, alliance partners, and other vendors. A stakeholder interaction exercise with both internal and external stakeholders is then undertaken as part of the development of this report. The priorities for strategy, policies, and action plans for the environment, economy, and society are based in part on the expectations and concerns of the identified stakeholders.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Refer page no. 32 under the section 'Engaging and innovating to create value for all stakeholders' of IAR.

LEADERSHIP INDICATORS

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board?

The Company firmly believes in a consistent engagement with its key stakeholders to ensure better communication of its performance and strategy. At Happiest Minds, we undertake materiality assessments for determining and ranking the most critical issues. As a part of this assessment, various interactions with the key stakeholders are undertaken to understand their opinion, concerns, grievances and suggestions across the ESG material issues.

Consultation medium between stakeholders, Company Management, and Board Members or interaction with officials takes place through various engagement channels as briefed on page 32 under the section 'Engaging and innovating to create value for all stakeholders' of IAR.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into the policies and activities of the entity.

Yes. ESG standards in Requests for Proposals (RFP) from clients call for the disclosure of information and a commitment regarding carbon neutrality, science-based targets, diversity, inclusion, equity, etc. In cooperation with the Executive Board of Happiest Minds, these needs have been considered and internalised with the existing ESG framework.

PRINCIPLE 5 Businesses should respect and promote human rights

1. Employees who have been provided training on human rights issues and policy(ies)

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees covered (B)	% (B/A)	Total (C)	No. of employees covered (D)	% (D/C)
Permanent	4,589	4,589	100%	3,744	3,744	100%
Other than Permanent	328	328	100%	424	424	100%
Total employees	4,917	4,917	100%	4,168	4,168	100%

2. Details of minimum wages paid to employees and workers, in the following format

Category	FY 2022-23						FY 2021-22			
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
EMPLOYEES										
Permanent	4,589	94	2%	4,495	98%	3,744	40	1%	3,704	99%
Male	3,337	55	2%	3,282	98%	2,775	31	1%	2,744	99%
Female	1,252	39	3%	1,213	97%	969	9	1%	960	99%
Other than Permanent	328	All other than Permanent employees are under the payroll of third-party vendors								
Male	233									
Female	95									

3. Details of remuneration/salary

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category in ₹	Number	Median remuneration/ salary/wages of respective category in ₹
Board of Directors (BoD) (Whole-time directors)	3	1,37,15,500	0	0
Key Managerial Personnel (other than BoD)	1	58,51,000	0	0
Employees other than BoD and KMP	3,070	15,22,600	1159	9,50,000
Workers*	NA	NA	NA	NA

* Note: The Company does not have any workers as defined in the guidance note on BRSR.

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, the internal committee oversees addressing and resolving the human rights violation issues.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Happiest Minds recognises the significant role that businesses can play in ensuring the long-term protection of human rights, and the Company is dedicated to upholding the human rights of its employees, communities, contractors, and suppliers. With respect to the internal mechanism, an internal committee (IC) has been created and established to evaluate the violations reported against sexual harassment, discrimination, and any other human rights violation. A professional lawyer with expertise in the Prevention of Sexual Harassment ("POSH") and Protection of Children against Sexual Offences Acts has been appointed by the corporation as an external member of the Internal Committee.

Further, the Company also has the below processes in place for grievance redressal of human rights issues:

- Presenting a grievance through Smiles Central's "We Hear" program. The Chief People Officer will be given the request. A Happiest Mind has the right to make a direct grievance to the Executive Board and the Executive Chairman regarding the Chief People Officer. The Internal Committee will thereafter be notified of this complaint.
- Sending the complaint or getting in touch with any IC member.

6. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of the year	Remarks	Remarks	Pending resolution at the end of the year	Remarks
Sexual Harassment	NIL	NIL	-	NIL	NIL	-
Discrimination at workplace	NIL	NIL	-	NIL	NIL	-
Child labor	NIL	NIL	-	NIL	NIL	-
Forced labor / Involuntary labor	NIL	NIL	-	NIL	NIL	-
Wages	NIL	NIL	-	NIL	NIL	-
Other human rights-related issues	NIL	NIL	-	NIL	NIL	-

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The organization has a well-defined procedure in place for resolving issues of harassment or discrimination, and also has a code of conduct in place regarding sexual harassment. Happiest Minds has stringent policies in place that prohibit sexual harassment across its operations. The organisation conducts regular training sessions and attendance for all staff members is mandatory. New employees also receive POSH training as a part of their induction sessions. Happiest Minds places a strong emphasis on promoting women's involvement across levels. The Company places a high priority on increasing the representation of women through specialized programs and interventions. Regarding the same, Happiest Minds has put guidelines in place to create a workplace that is supportive of women.

The Company has taken steps to keep the workplace safe for women to avoid any negative effects. These efforts include raising employee awareness and establishing strict guidelines for the Prevention of Sexual Harassment (POSH). Happiest Minds has consistently held the view that a supportive workplace is an essential component of being a responsible business.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes. The Code of Conduct governs all business dealings and agreements with Happiest Minds, and upholding basic human rights principles is a requirement for conducting business.

9. Assessments for the year

	% Of offices that were assessed (by the entity or statutory authorities or third parties)
Child labour	The Company follows the laws, as applicable. Although no assessment was done by the Company and no complaints were received.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.

The Company has complied with every relevant law after carefully evaluating the concerns linked to human rights. As a result, it does not anticipate any major risk factors or challenges.

LEADERSHIP INDICATORS

1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.

In FY 2022-23, the organization has not received any complaints or grievances involving a human rights violation.

2. Details of the scope and coverage of any human rights due-diligence conducted.

The Company has a Code of Conduct in place to ensure that all Human Rights protocols are respected and are being followed.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

As required by the Rights of Persons with Disabilities Act, 2016, all facilities on the premises are wheelchair accessible, making it easy for people to move around. For those who need them, the company also offers motorized wheelchairs that may be used inside the building.

4. Details on assessment of value chain partners:

	% Of value chain partners (by the value of business done with such partners) that were assessed
Sexual harassment	No evaluation of value chain partners has been done. Except for some agreements, wherein some of these factors are meticulously scrutinized in financing arrangements.
Discrimination at workplace	
Child labour	
Forced labour/ Involuntary labour	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

No corrective action plan has been necessitated on the above-mentioned parameters in FY 2022-23.

PRINCIPLE 6 Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity

Parameter*	FY 2022-23	FY 2021-22
Total electricity consumption (A) (GJ)	10822.54	4007.16
Total fuel consumption (B) (GJ)	929.00	368.74
Energy consumption through other sources (C)	510.96	-
Total energy consumption (A+B+C) (GJ)	12262.49	4375.90
Energy intensity per rupee of turnover (Total energy consumption/ turnover in lakh rupees)	0.092	0.038

* Based on select offices and where the Corporation owns the premises.

The organizational boundary has been established using the "Operational Control Approach".

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, the name of the external agency.

No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable

3. Provide details of the following disclosures related to water.

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	2,005	915.4
(iii) Third-party water	2,168	28
(iv) Seawater / desalinated water	-	-
(v) Others - Produced water; (Drinking Water)	-	40.82
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	4,173	984.22
The total volume of water consumption (in kilolitres)	4,173	124.22
Water intensity per lakh rupees of turnover (litres of Water consumed / turnover)	0.031	1.09

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Owing to the nature of business, Happiest Minds does not release any untreated effluent and is in complete compliance with KSPCB regulations. The company recycles its wastewater post-treatment for flushing and gardening on its premises. Additionally, tests are performed monthly in compliance with KSPCB standards.

5. Please provide details of air emissions (other than GHG emissions) by the entity.

Parameter	Unit	FY 2022-23	FY 2021-22
NOx	mg/Nm ³	46	49.6
SOx	mg/Nm ³	9	7.1
Particulate matter (PM)	µg/m ³	36	41.4
Persistent organic pollutants (POP)	µg/m ³	20	NA
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	µg/m ³	5.8	NA
Others – please specify	NA	NA	NA

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & their intensity

Parameter	FY 2022-23	FY 2021-22
Total Scope 1 emissions Metric tonnes of CO2 equivalent	57.37	27.68
Total Scope 2 emissions Metric tonnes of CO2 equivalent	2374.95	879.35
Total Scope 1 and Scope 2 emissions (per million rupees of turnover) tCO ₂ e	2432.32	907.03

* Calculations are based on offices under the ownership and operational control.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency. (Y/N) If yes, the name of the external agency.

No

7. Does the entity have any project related to reducing Green House Gas emissions? If yes, then provide details.

Yes. Happiest Minds has committed to reducing its Scope 1 and 2 greenhouse gas (GHG) emissions and become carbon neutral by 2030. The Company has implemented various projects and initiatives to achieve this goal. One such example is installing solar power having a peak capacity of 183kWh at Madivala campus to reduce the grid energy consumption thereby reducing GHG emissions.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23	FY 2021-22	FY 2020-21
Total Waste Generated (in metric tonnes)			
Plastic waste (A)	NA	NA	NA
E-waste (B)	NA	NA	NA
Bio-medical waste (C)	NA	NA	NA
Construction and demolition waste (D)	45.35	NA	NA
Battery waste (E)	0	NA	NA
Radioactive waste (F)	0	NA	NA
Other Hazardous waste (G)	0.51	-	-
Other Non-hazardous waste generated (H).	5.04	0.96	0.72
Other Non-hazardous waste generated (H). H-1: Wet Waste (Food Waste)	0	0	0
H-2: Dry wastepaper waste	5.04	0.96	0.72
Total (A+B + C + D + E + F + G + H)	50.90	0.96	0.72

For each category of waste generated, total waste recovered through recycling, re-using, or other recovery operations (in metric tonnes)

Category of waste	FY 2022-23	FY 2021-22	FY 2020-21
(i) Recycled	-	-	-
(ii) Re-used	-	-	-
(iii) Other recovery operations	NA	NA	NA
Category 1 (Wet waste food waste)	NA	NA	NA
Category 2 (Dry wastepaper waste)	NA	NA	NA
Total	NA	NA	NA

For each category of waste generated, total waste disposed of by nature of disposal method (in metric tonnes)

Category of waste	FY 2022-23	FY 2021-22	FY 2020-21
(i) Incineration	NA	NA	NA
(ii) Landfilling	NA	NA	NA
(iii) Other disposal operations	NA	NA	NA
Category 1 (Wet waste food waste)	NA	NA	NA
Category 2 (Dry wastepaper waste)	5.04	0.96	0.72
Total	5.04	0.96	0.72

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency. (Y/N) If yes, the name of the external agency.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce the usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Given the nature of the business, there is no usage of hazardous and toxic chemicals by the organization.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:

Not Applicable as per the nature/ownership of the Organization.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not Applicable, as no impact assessments were undertaken by Happiest Minds in FY 2022-23.

12. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and Environment Protection Act and Rules thereunder (Y/N). If not, provide details of all such non-compliances.

Yes, Happiest Minds is compliant with all the applicable environmental laws and regulations based on its nature of business.

LEADERSHIP INDICATOR

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-23	FY 2021-22
From renewable sources		
Total electricity consumption (A)	510.96	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	510.96	-
From non-renewable sources		
Total electricity consumption (D)	10,822.54	4,007
Total fuel consumption (E)	929.00	369
Energy consumption through other sources (F)	NA	NA
Total energy consumed from non-renewable sources (D+E+F)	11,751.54	4,376

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, the name of the external agency.

No

2. Provide the following details related to water discharged:

Parameter	FY 2022-23	FY 2021-22
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
No treatment	-	-
With treatment – STP	2,433.28	860
(ii) To Groundwater		
No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
(iii) To Seawater		
No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA

Parameter	FY 2022-23	FY 2021-22
(iv) Sent to third parties	NA	NA
No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
(v) Others	NA	NA
No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
Total water discharged (in kilolitres)	2,433.28	860

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, the name of the external agency.

No

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

Not Applicable as per the nature of Business

4. Please provide details of total Scope 3 emissions & their intensity, in the following format:

The Organization is not tracking Scope 3 emissions as of now.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency. (Y/N) If yes, the name of the external agency.

No

5. With respect to the ecologically sensitive areas reported in Question 10 of Essential Indicators above, provide details of the significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.

Not Applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as the outcome of such initiatives, as per the following format:

Not Applicable

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web-link.

Yes, Happiest Minds has a board-approved Business Continuity Management (BCM) framework to ensure resilience and continuity of key services at a minimum acceptable level, to achieve a business-as-usual presence in the marketplace and safety of human resources. Business impact analysis and risk assessment is conducted periodically to assess the likely impact on the Company's business processes due to adverse events like, natural disasters, pandemic, technical disruptions like cyberattacks, or administrative decisions like lockdown etc. The Company has effectively implemented its business continuity strategies over the years and even during the pandemic, including establishing effective work-from-home practices to ensure connectivity throughout the firm.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

Not Applicable

9. Percentage of value chain partners (by the value of business done with such partners) that were assessed for environmental impacts.

Not Applicable

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

ESSENTIAL INDICATORS

1. a. Number of affiliations with trade and industry chambers/associations.

4

- b. List the top 10 trade and industry chambers/associations (determined based on the total members of such a body) the entity is a member of/affiliated to.

Sr. No	Name of the trade and industry chambers/associations	Reach of the trade and industry chambers/associations (State/National)
1	Confederation of India Industries (CII)	National
2	National Association of Software and Service Companies (NASSCOM)	National
3	Federation of Karnataka Chambers of Commerce and Industry (FKCCI)	State
4	Indo-German Chamber of Commerce	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Not Applicable

LEADERSHIP INDICATORS

1. Details of public policy positions advocated by the entity:

Not Applicable

PRINCIPLE 8 Business should promote inclusive growth and equitable development

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

The Company has not undertaken any SIAs in the current financial year.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity.

Not Applicable.

3. Describe the mechanisms to receive and redress grievances of the community.

Not Applicable

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers.

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	13.29	NA
Sourced directly from within the district and neighbouring districts	NA	NA

LEADERSHIP INDICATORS

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Not Applicable

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Not Applicable

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized / vulnerable groups? (Yes/No)

No. However, we have a Procurement Manual in place, and the process is followed according to the Manual.

- (b) From which marginalized / vulnerable groups do you procure?

Not Applicable

- (c) What percentage of total procurement (by value) does it constitute?

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge.

Not applicable

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Not applicable

6. Details of beneficiaries of CSR Projects

S. No.	CSR Project	No. of persons benefited from CSR projects	% of beneficiaries from vulnerable and marginalized groups
1.	The Akshaya Patra Foundation	5,000	The Company's objective is to pro-actively support meaningful socio-economic development in India and enable a significant number of people to participate in and benefit from India's economic progress. We are aware that holistic growth and development of the society play a crucial role in nation-building. Through our efforts, we are helping local communities address the social, economic, and environmental challenges to build a sustainable future. All our CSR initiatives, called Circle of Happiness, are for the support of the underprivileged, those who belong to the vulnerable/marginalized section of the society.
2.	Vidyakshetra Vidyapeeth	97	
3.	Green Sole	1,500	
4.	Grow Trees (Pangea EcoNetAssets Private Limited)	Total 163,754 trees planted to enhance the habitat for tigers at Simlipal National Park, Odisha	
5.	Bethany Education Board	243	
6.	Idhayangal Charitable Trust	40	

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

ESSENTIAL INDICATORS

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The organization has a comprehensive framework for understanding customer needs and expectations, which aids in creating a plan for ongoing involvement and strengthening the customer bond. Early warnings are provided by these programs and aid the Company in planning the necessary course changes to offer clients high-quality services.

The following tools are used to frequently review customer perceptions:

- Weekly coordination amongst project team members to evaluate the status of various engagement streams and check that we are on the same track.
- The sales/delivery leadership and client executives participate in a monthly governance process to review important risks and, if applicable, develop mitigation solutions as per the requirement.
- BU heads and customer leadership participate in quarterly governance meetings to analyze relationship development, inform customers of new initiatives and projects at Happiest Minds, and address other issues.

Customer Happiness Survey: This is a yearly survey that is distributed to various points of contact with customers.

NPS		Promoter	Passive	Detractor
Promoter %	Count	178	93	9
Detractor %	%	64	33	3

NPS SCORE: 60

Project Feedback: Along with the Customer Happiness Survey, two more programs are used to monitor customer satisfaction throughout the year: "Project End Feedback" for short-term engagements and "Ongoing Engagement Feedback" for ongoing engagements. These programs give us a 360-degree evaluation of the team's technical and domain expertise, the quality of the deliverables, and the value added during the engagement.

- (a) Number of total customer complaints/feedback received during the last two financial years.

Fiscal Year	2023	2022
No. of complaints	14	13

- (b) Total outstanding at the end of each year for the last two financial years.

All customer escalations are resolved within the stipulated time period and ensured that there are none open/pending for resolution.

- (c) Total cases raised in consumer forums year-wise, during the last two financial years.

None

- (d) What is the customer complaint resolution time?

The first response time for any customer complaint is done within 1 working day.

2. Turnover of products and/services as a percentage of turnover from all products/services that carry information about:

Not Applicable

3. Number of consumer complaints in respect of the following:

	FY 2022-23			FY 2021-22		
	Received during the year	Pending resolution at end of year	Remark	Received during the year	Pending resolution at end of year	Remarks
Data privacy	NIL	NIL	NA	NIL	NIL	NA
Advertising	NIL	NIL	NA	NIL	NIL	NA
Cyber-security	NIL	NIL	NA	NIL	NIL	NA
Restrictive Trade Practices	NIL	NIL	NA	NIL	NIL	NA
Unfair Trade Practices	NIL	NIL	NA	NIL	NIL	NA
Others	14	0	All complaints were resolved in a timely manner	13	0	All customer complaints were resolved successfully

4. Details of instances of product recalls on account of safety issues:

Not Applicable

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web link of the policy.

Yes, the Company has an information and cyber security framework that ensures all the information assets are safeguarded by establishing comprehensive management processes throughout the organisation so that business information is protected adequately through appropriate controls and proactive measures. The Information and cyber security policy has been approved by the Board and the Company has put in place an internal governance committee to review the information and cyber security programme. The framework is ISO 27701 certified and helps the Company to detect and speedily respond to any threats to its network, application and infrastructure. The ISMS policy is available to internal stakeholders on the Company's intranet.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Not Applicable

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).

Information relating to all the products and services provided by the Company is available on the Company's website, <https://www.happiestminds.com/>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Not applicable owing to the nature of business.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

All such communications to the customer are authorized by Executive Board / respective Sales Representative.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regards to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes; The entity periodically carries out the survey for consumer satisfaction by putting the customers at the focal point through the Happiest Minds Customer Experience service and undertakes the evaluation of the Net Promoter Score annually. This helps the company understand the purchase patterns and customer behaviours aiding in providing the appropriate customised offerings to them.

5. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact

Nil

b. Percentage of data breaches involving personally identifiable information of customers

NA