

Board's Report

Dear Members,

Your Directors take pleasure in presenting the Thirteenth 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, 2024.

Highlights of Financial Performance

Amount in ₹ Lakhs

Description	Standalone		Consolidated	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Revenue from Operations	1,47,288	1,33,255	1,62,466	1,42,929
Other Income	11,126	2,234	8,537	2,111
Total Income	1,58,414	1,35,489	1,71,003	1,45,040
Employee benefits expense	94,772	78,690	1,01,469	80,681
Depreciation and amortization	3,430	2,996	5,829	4,191
Finance cost	4,227	2,150	4,227	2,186
Other expenses	23,632	22,485	27,412	26,362
Total expenses	1,26,061	1,06,321	1,38,937	1,13,420
Profit / (Loss) before Exceptional Items and Tax	32,353	29,168	32,066	31,620
Exceptional (Income) / Expense	143	-	1,402	-634
Profit / (Loss) before Tax	32,496	29,168	33,468	30,986
Tax expense	7,923	7,530	8,629	7,887
Profit / (Loss) after Tax	24,573	21,638	24,839	23,099
Earnings per share (Basic)	16.55	15.11	16.73	16.13
Earnings per share (Diluted)	16.55	15.00	16.73	16.01
Attributable to:				
Shareholders of the Company	24,573	21,638	24,839	23,099
Opening balance of retained earnings	38,240	22,388	39,064	21,773
Dividend on equity shares	-8,604	-5,715	-8,604	-5,715
Other Comprehensive income recognised directly in retained earnings	-281	-94	-259	-116
Transferred from share option outstanding reserve for options forfeited	2	23	2	23
Closing balance of retained earnings	53,930	38,240	55,042	39,064

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 provided 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 ₹ 2.50/- per equity share in the Board meeting held on October 17, 2023 and are pleased to recommend a final dividend of ₹ 3.25 /- per equity share for the financial year ended

March 31, 2024, i.e., the total dividend for the current financial year under review being ₹ 5.75/- per equity share (previous financial year - ₹ 5.40/- 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 ₹ 8,755.80 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, 2024, 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

A strategic and focused M&A program tied to the long-term goals of the Company is in place and is represented by the investment committee which consists of two executive members. The Company follows a programmatic M&A approach which works to acquire companies of strategic interest and of meaningful size and scale.

The current M&A priorities are –

- Strengthen our geographical presence in USA, Europe, Middle-East and Australia / New Zealand regions
- Enhance length and breadth of our technology offerings – Cyber Security, Service Now, Salesforce, Low Code / No Code
- Go deep into our focus industry groups seeking specialized offerings in sub verticals – Insurance, Banking, Life Sciences
- Enhance partnerships and strategic alliances with Microsoft, Service Now, etc.

Subsidiary Company

As of March 31, 2024, your Company had two wholly-owned subsidiary companies viz., Happiest Minds Inc., USA (formerly PGS Inc.) and Sri Mookambika Infosolutions Private Limited., Madurai, India ("SMI"). 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

Please refer to pages 22, 23 of the Integrated Annual Report of 2023-24.

Share Capital and Debentures

During the year under review, your Company issued 54,11,255 equity shares of face value of ₹2/- each at a price of ₹ 924/- per equity share. The paid-up equity share capital as on March 31, 2024, was ₹ 304,549,622/- consisting of 152,274,811 equity shares of ₹ 2/- each.

Further your Company has issued 8,000 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, 2024, the Board of Directors of your Company comprised of six Directors, viz., three Executive Directors and three Independent Directors including two women Independent 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. Venkatraman Narayanan (DIN: 01856347) retires by rotation at the ensuing 13th AGM and being eligible, offers himself for re-appointment.

Mr. Ashok Soota (having DIN 00145962-Executive Chairman), Mr. Joseph Anantharaju (having DIN 08859640- Executive Vice Chairman) and Mr. Venkatraman Narayanan (having DIN 01856347-Managing Director & CFO), 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 has 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 has 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 the 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 2024-25 are as below:

1. To expand the Board with induction of two Directors.
2. To ensure a detailed half-year review by the management.
3. To organize professional development programs for the Directors.
4. To come up with a plan for increasing the Risk committee involvement and to enhance its working procedures.

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 in the 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 7,59,541 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 Benefit and Sweat Equity) Regulations, 2021, 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 Benefit and Sweat Equity) Regulations, 2021, the applicable disclosures as on March 31, 2024, 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. Further, your Directors have sought your approval at the ensuing AGM to enhance the limits provided under the said Section.

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 transactions 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 07, 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, 2024. 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, 2024, 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 his Report.

Sustainability and Corporate Social Responsibility (CSR)

The 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, makes provision to accommodate broader/higher level of risk than it expects/envisages so that Company is prepared to sustain in the eventuality of unforeseen level of risk.

Significant risks areas which have been identified and are constantly monitored are:

1. **Financial Risks:**
 - a. Foreign currency fluctuation
 - b. Customer credit
 - c. Profitability and sustenance of the business
 - d. Availability of credit and liquidity management
2. **Business Risks:**
 - a. Concentration of revenues
 - b. New, emerging disruptive technologies and their impact on business, and delivery
 - c. Shrinking product development cycles
 - d. Customers insourcing
3. **Operational Risks:**
 - a. Data privacy, social media
 - b. Talent availability and timely staffing of projects
 - c. Optimal resource utilization
 - d. Contractual commitments and project delivery challenges
 - e. Business continuity
 - f. COVID 19 Pandemic
4. **Legal and Regulatory:**
 - a. Compliance with local legislation in the geographies we operate in
 - b. Dynamic and ever-changing immigration and travel laws
5. **Projects Delivery related risk**
 - a. Related to change meeting timelines, estimated effort
 - b. Quality of deliverables

6. Information Security Risks

- a. Loss of Happiest Minds' or Customer Intellectual Property (Assets, Code, documents etc..)
- b. Privacy breach, sharing of sensitive data without requisite approvals
- c. Phishing, Malware and Ransomware attacks
- d. New tech adoption e.g. AI and Generative AI

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

Guided by the 8C Model, which emphasizes well-being, happiness, and innovation, our People Practices team has effectively established a standout brand identity amidst a year marked by intense talent competition, business shifts, and market adjustments within the IT sector. Despite these challenges, we achieved a net increase in team members, with our attrition rate impressively falling to 13.01%—well below our targeted 18%. This achievement is a testament to our forward-thinking adoption of technology and best practices, which not only kept us ahead in a dynamic environment but also bolstered our brand, making us a preferred employer. Our efforts are reflected in our Glassdoor rating, where members and alumni have recognized us with a commendable score of 4, showcasing the positive impact of our strategies and initiatives.

This year, our focus was centered around five strategic pillars aimed at strengthening our organization and enhancing our workforce capabilities.

Firstly, we concentrated on building our organization for scale, aiming to develop a global and distributed workforce. This effort encompassed enhancing our people practice capabilities across various domains such as benefits, engagement processes, and compliance, while also preparing for future mergers and acquisitions to ensure a seamless integration of operations, personnel, and culture. A key aspect of this pillar was the emphasis on strengthening our compensation framework, particularly for our IMSS and US operations, and customizing benefits to cater to different employee segments to boost retention rates. Initiatives like completing the SMI Integration and launching tailored compensation frameworks for our Centre of Excellence were integral to our comprehensive approach to organizational design and talent management.

In our pursuit of digital transformation and people analytics, we introduced the MySmiles HRMS and focused on leveraging technology through automation and the application of AI in our HR practices. These measures aimed to enhance efficiency, provide insights, and create a more engaging and seamless experience for our employees from their onboarding through their career development.

Developing leadership and people capabilities was another critical area of focus. Through programs like the I3 Talent Transformation and the Global Leadership Development Program (GLDP), complemented by Hogan Assessments, we invested in cultivating a robust leadership pipeline and enhancing talent across the organization. Initiatives such as executive mentoring programs and the creation of specialized tracks for sales enablement and managerial development demonstrated our commitment to nurturing leadership and talent.

Our culture-building strategy emphasized happiness evangelism, health and well-being, and the alignment of our organizational purpose and vision with employee aspirations. By expanding happiness touchpoints, enhancing participation in volunteering activities, and strengthening our listening programs like Mithra and Little Mithra, we aimed to foster a supportive and engaged community.

Our talent engagement initiatives focused on promoting diversity and inclusion, plans to launch a Women Mentoring Program by H1 FY'25 and execute various gender diversity initiatives. This pillar also aimed at reintroducing clubs and committees, enhancing workforce diversity through PWD hiring, and conducting a gender pay parity exercise. By creating more engaging office spaces and fostering camaraderie across locations, we committed to creating an inclusive and dynamic work environment.

Thanks to our focused efforts this year, we achieved remarkable successes across various domains of our operations.

In the area of Talent Management, we launched the I3 Talent Transformation program in collaboration with NIIT and Hogan, benefiting 25 Business Analysts, 27 Delivery Managers, and 36 Architects. This initiative demonstrates our commitment to talent enhancement. Additionally, the introduction of the GLDP, which included a Hogan workshop for 42 senior leaders, marks our investment in the future leadership of our organization.

Our approach to Compensation & Benefits underwent a thorough review, particularly in the UAE, where we integrated a competitive US compensation framework. Innovations like onsite salary advances, enhanced travel allowances, improved life insurance covers, and expanded corporate partnerships reflect our strategic intent to offer a competitive and comprehensive benefits package.

In the realm of Wellness Programs, our dedication to employee wellness was underscored by the successful execution of 36 Total Wellness Events, with participation from 2868 employees and an outstanding satisfaction rating of 4.5 out of 5. The launch of Ekincare, a health and wellness app, along with the completion of 58 annual health check-ups, showcases our holistic approach to employee health and engagement.

Our Happiness Evangelism efforts, through initiatives such as Mithra and the introduction of resources like the Seven Spokes of Happiness, Mindfulness Matters, and the Happiness Compass magazine, have nurtured a culture emphasizing mental and emotional well-being. The launch of Little Mithra for younger minds and the engagement of 15,652 participants with an 85% happiness rate on the Happometer since January 2023 further highlight our dedication to this cause.

Celebrations, Roadshows, and Connects have been pivotal in our engagement strategy. We organized 24 PoSH Awareness Roadshows, launched MySmiles HRMS through dedicated roadshows, and held impactful Leadership Connects for 500 new hires. Celebratory events like Potluck, Biryani Bash, Mango Mania, and the Happiest Minds Run, engaging over 1000 participants across four cities, significantly contributed to a vibrant workplace community.

Our Recognition & Rewards & Engagement initiatives were showcased during the 10th anniversary of Happiest Minds with a gala dinner, celebrating our journey alongside our members and their families. The Glitz 2023 Annual Awards and the release of a 10-year milestone coffee table book were significant in recognizing our team's contributions. Additionally, our Gratitude Week, featuring 9000+ messages sent to over 2800 members, underscored the culture of appreciation within our organization.

Operational Excellence was evident in our high onboarding satisfaction rates, robust audit compliance, and the efficient resolution of 89.9% of PP tickets within a day. The successful introduction of four key modules in the partner management system underlines our dedication to continuous improvement and operational integrity.

In Diversity & Inclusion (D&I), we proudly maintained a 28% gender diversity rate and expanded our Aura team to over 1596 members. Our focus on disability inclusion, high parental leave returns, and comprehensive D&I training for 3308 members illustrates our commitment to an inclusive environment where everyone feels valued.

Our Circle of Happiness initiative, through significant donations to Akshaya Patra, Idayangal Trust, and Daan Utsav for various NGOs, reflects our commitment to community welfare and extending the circle of happiness beyond our organization.

This year marked our participation and recertification in the Great Place to Work (GPTW) survey, a testament to our enduring commitment to excellence. Furthermore, Happiest Minds has been honoured with numerous awards over the past year, highlighting our standing as a premier organization in various domains. We were named among the Top 50 India's Best Workplaces™ in Health and Wellness 2023 and Top 50 India's Best Workplaces™ in IT & IT-BPM 2023 by GPTW, alongside being listed in the 100 Best Companies for Women in India 2023 by Avtar and Seramount, and also recognized as one of the Top 50 India's Best Workplaces for Women™ 2023 by GPTW. Our achievements in innovation were spotlighted as we received the 'Digital Transformation of the Year' award at the IReC Awards 2023.

Our commitment as a leading IT organization and market leader is further illustrated through accolades such as the 'Best Tech for Security' Award at the 3rd Edition of the IDEA Awards, and our recognition by Zinnov Zones as a 'Niche & Established' player in Gen-AI Engineering Services. Additionally, our distinction as one of the 'Top Firms to Work for in AI & Analytics' and the recognition of Mr. Sridhar Mantha as the 'AI Leader of the Year' at the 3AI ACME Awards, alongside being acknowledged as a Rising Star in the ISG's Provider Lens™ Digital Engineering Services US Report 2023, underscores our commitment to innovation and leadership in the IT sector.

As we move forward, the People Practice Team remains dedicated to pushing the boundaries of what's possible, leveraging technology, fostering leadership, and nurturing a culture that aligns with our organizational values and aspirations. This strategic approach has not only contributed to our remarkable achievements in FY 2023-24 but also positions us for sustained success and impact in the years to come.

The People Practice Team's achievements in FY 2023-24 highlight our strategic and holistic approach to HR management, emphasizing well-being, innovation, and inclusivity. Our efforts have solidified our position as an employer of choice in the IT industry, setting a benchmark for excellence and strategic HR management. As we look to the future, we are committed to continuing our

journey towards operational excellence, talent development, and cultural enrichment, ensuring that Happiest Minds remains at the forefront of the IT industry.

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.

Your Company this year has ventured into Medical device domain as part of the Healthcare Industry Group and has defined Quality Policy for Medical Devices.

We are committed to deliver Excellence in our services and enable the realization of safe, secure and clinically effective Medical Devices for its intended use, by adopting a risk-based process approach and continually improving processes and systems, aiding in creating value to all our stakeholders and ensuring regulatory compliance, leveraging our core technical competencies in hardware and software development.

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. To enhance our business capabilities and grow our business in the medical devices domain we have undergone year long journey of aligning QMS framework for Medical devices which also included aligning towards medical device standards of ISO 13485:2016. This would also help us align our process with medical regulatory standards of various regions. During the year under review, your Company got itself certified for ISO 13485:2016 standard.

To enhance our process towards various IT services provided by us to our customers we have started our journey of enhancing our QMS to align to ISO 20000:2018 standard. We plan for getting certified for this standard in the financial Year 2024-2025.

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. In this Financial year to enhance our data driven engineering practices we have started our journey towards integrating the measures captured by various tools by Integrated Metric dashboard which would help our teams to take quicker decisions and deliver with Agility.

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.

This year we have upgraded our Project management system to the latest platform including moving our entire setup to cloud. This enhanced system will help cater to our 10-year vision along with providing a platform for more Agile processes and practices. Along with our well established Business Intelligence (BI) platform which helps us to provide reports and Dashboards for well informed decision making we have also added No code low code platforms to automate processes and bring in controls for enhanced delivery.

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. To enhance coding practices, we have introduced new repository system which helps to manage code in more structured and secure way.

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. To enhance our testing practices, we have introduced new process and tools.

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.

7. 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.

8. 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. There various platforms created to ideate and share the learning withing the organization.

9. 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) which provides balanced view of projects rolled up to customers on various aspects.

10. 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.

11. Customer Connect

Your Company has a customer experience framework to understand the behaviours, 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.

Along with feedback we also have introduced feedforward mechanisms to understand various needs of customers as part of our Customer Happiness Survey and hence better align our strategies towards customer needs.

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 for addressing risk management and mitigation strategies.

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

Your Company has made the necessary disclosures in Annexure V to this Report in terms of Section 134(3) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014.

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 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 them 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 financial year 2023-24 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 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 ("POSH Act")

The POSH Act stands as a crucial legislation in India dedicated to preventing sexual harassment. It was put in place to ensure a safe and secure working environment for women and to deter harassment in the workplace. We believe that POSH Act has played a significant role in promoting teamwork, diversity and trust within our Company. At Happiest Minds, we are committed to fostering a safe and professional work setting. In addition to maintaining a gender-neutral Anti-Sexual Harassment Policy, we comply with the regulations of the POSH Act. To address complaints related to sexual harassment, we have established an Internal Committee. Further, to support our Internal Committee, we have appointed a legal expert specializing in the subject matter.

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

POSH Committee: From the inception of the POSH Act, your Company 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 POSH Act, we have initiated training and certification for all our employees and partners to create awareness about sexual harassment in the workplace and the POSH Act. We have ensured that all our employees and partners who join us have been trained on the POSH Act in India through our online module. All employees and partners completing one year in the Organisation will go 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 of the concerned employee or partner as non-complaint.

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

Disciplinary action: No disciplinary action was taken as there was no complaint registered during the year under review.

Compliance: As required under POSH Act, we have filed an Annual Report 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: During the year under review, majority of our employees and partners have transitioned to working from the office after operating in a hybrid mode for most of last year. We maintained consistent communication by sharing information and guidelines on POSH compliance. Additionally, we conducted a POSH awareness month, featuring roadshows, posters, and speeches to educate employees and partners about POSH regulations. To reinforce compliance, we prominently displayed POSH posters alongside the statutory boards. All senior leaders have completed training on POSH, showcasing their dedication to nurturing a workplace culture that is free from harassment.

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 employees and partners irrespective of gender, contractual status, caste, class, race, ethnicity or affinity, however, within the confines of the POSH Act. Company's Policy also applies to visitors, and casual employees. Additionally, all complaints (if any) received by the Internal Committee are reviewed 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 Happiest Minds in 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 5, 2024

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 01, 2021	January 01, 2023
3	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	April 1, 2023 to March 31, 2024	April 1, 2023 to March 31, 2024
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 – 83.40	Reporting currency - INR

	Financial Details as on March 31, 2024	Amount in ₹ Lakhs	Amount in ₹ Lakhs
5	Share capital	83	10
6	Reserves and surplus	(372)	1,826
7	Total assets	4,717	2,826
8	Total Liabilities	5,006	990
9	Investments	-	-
10	Turnover	11,293	9,073
11	Profit before taxation	3,128	2,526
12	Provision for taxation	513	705
13	Profit after taxation	2,614	1,821
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, 2024

For and on behalf of Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Praveen Kumar Darshankar
Company Secretary & Compliance Officer
Membership No. F6706

Bengaluru
Dated: June 5, 2024

Annexure II to Board's Report

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

1. The ratio of the remuneration of each Director and Key Managerial Personnel to the median remuneration of the employees of the Company for the financial year ended March 31, 2024, 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	50%*	13.17
Mr. Venkatraman Narayanan	Managing Director & CFO	35%*	12.34
Mr. Joseph Vinod Anantharaju	Executive Vice Chairman	9%*	28.59
Mr. Rajendra Kumar Srivastava	Lead Independent Director	NA	1.99
Mrs. Shuba Rao Mayya	Independent Director	NA	1.67
Mrs. Anita Ramachandran	Independent Director	NA	1.67
Mr. Praveen Kumar Darshankar	Company Secretary & Compliance Officer	9.5%	4.47

*The increments were approved in the Board Meeting held on October 17, 2023

Note:

For the purpose of calculation of median, salary at global level with conversion rate as of March 31, 2024, has been considered. The median salary at global level of employment is ₹ 15,00,900/- and at India level of employment is ₹ 14,64,650/-

2. Percentage increase in the median remuneration of employees in the financial year ended March 31, 2024: 11.2%
3. No. of permanent employees on the rolls of Company as on March 31, 2024, was 4,884
4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
- 11% increase in remuneration in salaries of employees other than managerial personnel against 26% increase in salary of managerial personnel. There has been no exceptional remuneration increase for managerial personnel.
5. Affirmation that the remuneration is as per the remuneration policy of the Company:
- Your Company affirms that the remuneration of Directors and Key Managerial Personnel was as per the Remuneration Policy of the Company.

For and on Behalf of Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 5, 2024

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 financial year 2023-24.
(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 financial year 2023-24.
(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 5, 2024

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 undertake CSR activities in accordance with the CSR Regulations. Your Company conducts its business in a sustainable and socially responsible manner. This principle has been an integral part of the Company's corporate values and believes that corporate growth and development should be inclusive, and every company must be responsible and shall contribute towards betterment of the society. Your Company is committed to the safety and health of the employees, protecting the environment and the quality of life in all regions in which your Company operates. Further, with respect to the Company's CSR philosophy, the Board has constituted the "CSR Committee" as its core CSR team, as a means of fulfilling this commitment.

The CSR activities of the Company are as per the provisions of Schedule VII of the Companies Act, 2013 and CSR Policy gives an overview of the projects and programmes which are proposed to be undertaken by the Company in the coming years.

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	Shuba Rao Mayya	Independent Director	Chairperson	1	1
2	Ashok Soota	Executive Director	Member	1	1
3	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-24.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: ₹22,322 Lakhs
- Two percent of average net profit of the Company as per sub-section (5) of section 135: ₹ 446 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: ₹ 31 Lakhs
- Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ 446 Lakhs

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

Ongoing Project : ₹ 54.31 Lakhs

Other than ongoing projects: ₹ 171.95 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)]: ₹ 226.27 Lakhs

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

Total Amount Spent for the Financial Year. (in ₹ Lakhs)	Amount Unspent (in ₹ Lakhs)				
	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
226.27	223.72	April 29, 2024	NA	NA	NA

f) Excess amount for set-off, if any

Sl. No.	Particular	Amount (in ₹ Lakhs)
(i)	Two percent of average net profit of the Company as per sub-section (5) of section 135	446
(ii)	Total amount spent for the Financial Year	226.27
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	0
(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)]	0

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

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in ₹ Lakhs)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹ Lakhs)	Amount Spent in the Financial Year (in ₹ Lakhs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection(5) of section 135, if any	Deficiency, if any
					Amount (in ₹ Lakhs)	Date of Transfer		
1	FY-20-21	-	-	-	-	-	-	-
2	FY-21-22	-	-	-	-	-	-	-
3	FY-22-23	-	-	-	-	-	-	-

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 5, 2024

Annexure IV (a)

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project		Allotment (in ₹ Lakhs)	Amount spent for the project (in ₹ Lakhs)	Mode of implementation Direct (Yes/No).	Mode of implementation Through implementing agency	
				State	District				Name	CSR Registration Number
1	Tree Plantation - Social Impact Project (Exclusive Adoption)	Environmental sustainability	Yes	Delhi/ Maharashtra	Delhi/ Nagpur	50	50	Yes	-	-
2	Meal donation under PM POSHAN Programme	Promoting education and eradicating hunger	Yes	Karnataka	Bengaluru	100	100	No	The Akshaya Patra Foundation	CSR00000286
3	Percolation Wells under 'One Billion Drops' Project	Environmental sustainability	Yes	Karnataka	Bengaluru	16.55	16.55	No	United Way of Bengaluru	CSR00000324
4	Creating Access to Safe Drinking Water	Environmental sustainability	Yes	Karnataka	Bengaluru	23	23	No	United Way of Bengaluru	CSR00000324
5	Siddalgatta-Social forestry	Environmental sustainability	Yes	Karnataka	Chikkaballapur district	10	10	No	United Way of Bengaluru	CSR00000324
6	Building Climate Resilient Communities, Training Rural Women as Solar Engineers and Electrifying Villages	Environmental sustainability	Yes	Odisha	Mayurbhanj	4.77	4.77	No	Empbindi International Association	CSR00011699
7	Safe Drinking Water	Health and Sanitation	Yes	Odisha	Bhubaneswar	0.54	0.54	Yes	-	-
8	Donation of insulin for under privileged children with Type-1 diabetes	Healthcare	Yes	Karnataka	Bengaluru	20	20	No	Idhayangal Charitable Trust	CSR00003135
9	Tree Plantation	Environmental sustainability	Yes	Karnataka	Bengaluru	1.41	1.41	No	Think Good Foundation	CSR00028312
Total						226.27	226.27			

For and on Behalf of Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 5, 2024

Annexure V to Board's Report

A. Conservation of Energy

Your Company recognizes the importance of sustainable practices in driving long-term value for its stakeholders and clients. Over the past year, your Company has implemented several initiatives aimed at reducing its energy consumption and environmental footprint. Through the optimization of production processes, installation of energy-efficient equipment, and implementation of smart technology solutions, your Company has achieved significant gains in energy efficiency across its operations. Most of the office facilities have moved from fluorescent lamps to LED lamps, the IT infrastructure is predominantly on cloud, than in the conventional server racks which consume more power. We also promote responsible use of water through sensor & flow regulated taps. The office facilities are equipped with percolation wells which help in rainwater harvesting thereby storing the water in the water table. We do not use single use disposables.

Overall energy consumption is 39,69,007 KWh, out of which 4,92,559 KWh of energy is generated through our roof top solar initiative which contributes to an increase of 10% of renewable energy compared to last year.

These efforts not only align with our corporate responsibility goals but also contribute to cost savings and operational resilience. As we continue to prioritize sustainability in our business practices, we remain committed to driving positive environmental impact while delivering value to our investors.

B. Technology Absorption

Your Company continues to track trends and latest developments in various technology areas, including those related to Gen AI, Mobility, Big Data Analytics & AI, Cyber Security, Cloud Computing, IoT. Your Company has taken major initiatives and upped its leadership in Low-Code Application Platforms, Analytics/AI & Gen 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.), Low Code Platforms, OT & Hybrid cloud Security, Marketing Analytics, Quantum Computing and strengthening capabilities in Deep Neural Networks (Computer Vision), Blockchain, Drones, Edge Computing etc. Your Company invested in core research team to work on Gen AI related technologies, specifically in the areas of LLM, both text and images.

Your Company has also embarked on the journey of training all its employees on Gen AI fundamentals and exploring the possibility of using Gen AI in productivity enhancements. 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 Gen AI, IoT, Mobility, Big Data & Analytics, Cyber Security, Quantum Computing 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 Zero Trust, AI Governance, DevSecOps, OpenAI GPT-x LLM, Open Source LLM, RAG based solutions - PDF reader (opensource and licensed), Embedding models, 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 – Cyber Risk Prevention & Protection, Identity Vigil, Threat 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. and embarked its journey in development of Patient Engagement Platform as a solution to address Healthcare industry's need.

(ii) Benefits derived as a result of the above R&D

Your Company has gained considerable mind share in the industry by venturing into IP led state-of-the-art solutions as mentioned above. These concerted efforts also helped your Company in creation of new BU – GBS that focuses exclusively on Gen AI related services and has started working with multiple customers on their Gen AI journey, acquire new customers in the focus geographies, receive multiple accreditations, industry recognitions & analyst mentions and increase 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 expand Gen AI research into Google & AWS Gen AI services along with further R&D on open source LLM, fine tuning of LLM/SLM, multi modal Gen AI specifically around voice and image. Your Company continues to develop solutions in the new disruptive technologies of Quantum Computing, Web 3.0, Marketing Analytics, OT Security, Zero Trust, NW segmentation and reusable components on Low-Code Platform.

(iv) Expenditure on R&D

R&D is carried on by the Company as a part of the ongoing software development activity and expenditure thereof is considered as part of operating expenditure. Total expenses on R&D during FY 2023-24 was ₹ 1,842.90 Lakhs as against ₹ 1,712.40 Lakhs during FY 2022-23.

C. Foreign Exchange Earnings and Outgo:

i. Activities relating to exports, initiatives taken to increase exports, development of new export market for services and export plans

During the year under review, your Company has taken various initiatives to expand its presence into new geographies by engaging consultants and business partners and been successful in building visibility about our services and offering to key clients. Your Company is also continuing to invest in online media and social networking to build its brand visibility.

ii. Foreign exchange used and earned

	(Amount in ₹ Lakhs)	
	March 31, 2024	March 31, 2023
Foreign exchange earnings	1,20,664	1,12,270
Foreign exchange outgo	34,000	30,284

For and on Behalf of Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 5, 2024

Annexure VI to Board's Report

Particulars of Top 10 employees in terms of salary drawn during the financial year 23-24 and who, being employed throughout the financial year, received salary of Rs. 102 Lakhs, for the financial year ended March 31, 2024, in terms of Section 134 of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel), 2014:

SL. no	Name of Employee	Date of Joining (-MM-DD-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	Joseph Anantharaju	November 04, 2020	4,17,89,579*	B.E. & PGDM	53	25	Mindtree Limited	Executive Vice Chairman and CEO-PDES	0.28
2	Aurobinda Nanda	August 01, 2011	1,62,23,190	Post Graduate in Computer Applications	55	31	Mindtree Limited	President & COO- PDES	0.49
3	Ashok Soota	April 01, 2011	1,55,25,563	Electrical Engineering & Master in Business Management	81	57	Mindtree Limited	Executive Chairman & Director	50.13
4	Venkatraman N	April 23, 2015	1,54,71,485	Chartered Accountant & Law graduate	53	29	Sonata Software Limited	Managing Director & CFO	0.37
5	Rajesh Sogasu	January 23, 2023	1,17,13,863	B.E	55	32	Microland Group (Microland Limited)	Senior Vice President	0.00
6	Vivek Manu	February 01, 2021	1,08,56,805	B.E Computer Science	49	26	Syncrasy Technologies Pvt Ltd	Senior Vice President PDES	0.00
7	Ganapathi T B	September 05, 2011	1,00,21,308	B.E in Computer Science	53	31	Mindtree Limited	Executive Vice President-IMSS	0.21
8	Sundar Ramaswamy	August 17, 2020	96,05,835	Computer Science and Engineering & Master in Business Management	50	26	Antuit India Pvt. Ltd.	Senior Vice President & Head CoE - Analytics	0.00
9	Vijay Bharti	March 21, 2012	89,96,917	B.E Applied Electronics and Instrumentation	49	27	Wipro Technologies	Senior Vice President-IMSS	0.06
10	Subhasis Bandyopadhyay	September 26, 2022	89,75,585	MBA	56	32	Mindtree	Vice President-PDES	0.00

* Converted to INR from USD

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.
- There were no employees who were employed for a part of the financial year who received monthly salary of Rs. 8.5 Lakhs or above

For and on Behalf of Board

Venkatraman N
Managing Director & CFO
DIN: 01856347

Ashok Soota
Executive Chairman
DIN: 00145962

Bengaluru
Dated: June 5, 2024

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, 2024. 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 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.

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
FCS 11323; C.P.No.17024
UDIN: F011323F000204219

Place: Bengaluru

Date: April 22, 2024

Annexure VIII to Board's Report-MR-3

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, 2024

To

The Members

Happiest Minds Technologies Limited

CIN: L72900KA2011PLC057931

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, 2024 (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, 2024 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 Overseas Direct Investment. There was no Foreign Direct investments and 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, 2021 (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.
- Information Technology Act, 2000 and the rules made thereunder
 - 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:

- Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.
- 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 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 duly sent in respect of all the meetings 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.

We further report that during the audit period the following events / actions were having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

- Issue and allotment of 4,500 (Four thousand five hundred) rated, listed, negotiable, unsecured, redeemable non-convertible debentures of the nominal value of ₹ 1,00,000/- (One Lakh Only) each to Citibank N.A. India on private placement basis as approved by the Board of Directors in their meeting held on 8th May 2023.
- Issue and allotment of 3,500 (Three Thousand Five Hundred) rated, listed, negotiable, unsecured, redeemable non-convertible debentures of the nominal value of ₹ 1,00,000/- (Rupees One Lakh) each to Citibank N.A. India on private placement basis as approved by the Board of Directors in their meeting held on 26th September, 2023.
- The fund-raising committee of the Company has allotted 54,11,255 equity shares of face value of ₹2 each of the Company (the "Equity Shares") aggregating to 500/- Crores to Qualified Institutional Buyers (QIB) on private Placement Basis.
- The Board has approved the Scheme of Amalgamation of Sri Mookambika Infosolutions Private Limited (Wholly Owned Subsidiary – Transferor Company) with Happiest Minds Technologies Limited (Holding Company - Transferee Company) and their respective shareholders and creditors, as per Section 230 to 232 and other relevant provisions of the Companies Act, 2013.

For V Sreedharan & Associates
Company Secretaries

Devika Sathyanarayana
Partner
FCS 11323; C.P.No.17024
UDIN: F011323F000203614

Place: Bengaluru
Date: April 22, 2024

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:

- 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.
- 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.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 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.
- 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

Place: Bengaluru
Date: April 22, 2024

Devika Sathyanarayana
Partner
FCS 11323; C.P.No.17024
UDIN: F011323F000203614