

May 12, 2023

Listing Compliance & Legal Regulatory
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400001
Stock Code: 543227 & 974728

Listing & Compliance
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra East, Mumbai 400 051
Stock Code: HAPSTMNDS

Dear Sir/Madam,

Sub: Communication to shareholders – Financial Results for the Quarter and Financial Year ended March 31, 2023

With reference to our letter dated May 8, 2023, please find enclosed herewith an e-mail communication dated May 12, 2023, pertaining to key highlights of the Company's performance for the quarter and financial year ended March 31, 2023, which has been sent to all the shareholders whose e-mail IDs are registered with the Company/Depositories.

This is for your information and records.

Thanking you,
Yours faithfully,
For **Happiest Minds Technologies Limited**

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





Happiest Minds Technologies Limited

Regd. Office : #53/1-4, Hosur Main Road, Madivala, Bengaluru-560068, Karnataka, India

CIN of the Co. L72900KA2011PLC057931

P: +91 80 6196 0300, F: +91 80 6196 0700

investors@happiestminds.com; www.happiestminds.com

Dear Shareholder,

Greetings from Happiest Minds Technologies Limited

The Board of Directors of the Company at their meeting held on May 08, 2023, has approved the audited financial statements of the Company for the quarter and financial year ended as on March 31, 2023 and recommended a final dividend of Rs.3.40/- per equity share of face value Rs.2/- for the financial year 2022-23, subject to the approval of the members at the ensuing 12th Annual General Meeting of the Company (AGM) scheduled on July 17, 2023.

Please find the shareholder's report on the financial results and related matters attached herewith.

For further details, you can visit the Company's website <https://www.happiestminds.com/investors/>

Thanking you,
Yours faithfully,

Praveen Kumar Darshankar
Company Secretary & Compliance Officer
Happiest Minds Technologies Limited

Dear Stakeholder,

We are pleased to share Happiest Minds has delivered outstanding results for FY23 with 23.7% growth in constant currency and 26.2% EBITDA Margin. The growth was broad based across our business units, centers of excellence and focus markets. Your company has delivered an EBITDA margin of 26.2% exceeding the upper band of guidance of 22% - 24% and this is the 12th successive quarter where we have delivered EBITDA more than 25%.

The fiscal saw consistent progression on our customer metrics. We had our first customer contributing more than US \$ 20 Mn to our revenues. Our total clients in the 5-10 Mn group have increased by 2 to a total of 6; the 1-3 Mn group has increased by 5 to a total of 30. These metrics validate our effective land and expand strategy which is helping us continuously make deep inroads into our customer's strategic initiatives. In view of our strong business pipeline, we are planning a record people addition of 1,300. Accordingly, we are retaining our FY24 revenue guidance growth at 25% and EBITDA guidance at 22% - 24%.

As part of our vision to be known for the best corporate governance standards, we have made continuous strides to drive sustained, long-term business value while ensuring collaborative, and transparent communication at all levels of the organizational network. During the fiscal, your company was recognized across multiple forums for its effective corporate governance practices -

- Golden Peacock Award for Excellence in Corporate Governance 2022
- ICSI Best Governed Company in Listed Segment: Medium Category
- ICAI for 'Excellence in Financial Reporting for 2021-22

As part of our environment, societal and healthcare commitments

- Happiest Minds sponsored 1.9 million meals for school children under the Akshaya Patra program. Since our inception, we have contributed 6 million meals.
- We also partnered with an environmental agency to plant 163,000 tree saplings.
- Happiest Minds partnered with an NGO to extend medical support to underprivileged, young children between 1 to 15 years of age battling Type 1 Diabetes

Key financial and operational highlights for the quarter and the half year are given below. Please do go through and in case of any questions feel free to reach out to IR@happiestminds.com

Thanking you,
Yours faithfully,

Venkatraman Narayanan
Managing Director & CFO
Happiest Minds Technologies Limited

Joseph Anantharaju
Executive Vice Chairman
Happiest Minds Technologies Limited

Key Financial Metrics

All amounts in ₹ Lakhs unless stated otherwise

Particulars	Q4 FY 23	Q3 FY 23	QoQ	Q4 FY 22	YoY	FY 23	FY 22	YoY
Revenues	37,798	36,688	3.0%	30,057	25.8%	142,929	109,365	30.7%
Other Income	845	780	-	991	-	2,111	3,710	-
Total Income	38,643	37,468	3.1%	31,048	24.5%	145,040	113,075	28.3%
EBITDA	10,062	9,726	3.5%	8,158	23.3%	37,997	29,477	28.9%
%	26.0%	26.0%		26.3%		26.2%	26.1%	
PBT	7,893	7,524	4.9%	6,988	13.0%	30,986	24,585	26.0%
%	20.4%	20.1%		22.5%		21.4%	21.7%	
Tax	2,127	1,766	-	1,777	-	7,887	6,465	-
%	5.5%	4.7%		5.7%		5.4%	5.7%	
PAT	5,766	5,758	0.1%	5,211	10.7%	23,099	18,120	27.5%
%	14.9%	15.4%		16.8%		15.9%	16.0%	
Revenues (\$'000)	45,918	45,279	1.4%	39,876	15.2%	177,768	146,634	21.2%
Growth in Constant Currency	-	-	1.3%	-	17.6%	-	-	23.7%

Financial highlights

Quarter ended March 31, 2023:

- Revenue in constant currency grew by 1.3% q-o-q and 17.6% y-o-y.
- Operating Revenues in US\$ stood at \$46 million (growth of 1.4% q-o-q; 15.2% y-o-y)
- Total Income of ₹ 38,643 lakhs (growth of 3.1% q-o-q; 24.5% y-o-y)
- EBITDA of ₹ 10,062 lakhs, 26.0% of Total Income (growth of 3.5% q-o-q; 23.3% y-o-y)
- PAT of ₹ 5,766 lakhs, 14.9% of Total Income (growth of 0.1% q-o-q; 10.7% y-o-y)
- Free cash flows of ₹ 9,946 lakhs
- EPS (diluted) for the quarter of ₹ 3.98.

Year ended March 31, 2023

- Revenue in constant currency grew by 23.7%
- Operating Revenues in US\$ stood at \$178 million (growth of 21.2% y-o-y)
- Total Income of ₹ 145,040 lakhs (growth of 28.3% y-o-y)
- EBITDA of ₹ 37,997 lakhs, 26.2% of Total Income (growth of 28.9% y-o-y)
- PAT of ₹ 23,099 lakhs, 15.9% of Total Income (growth of 27.5% y-o-y)
- Free cash flows of ₹ 36,480 lakhs
- EPS (diluted) for the full year of ₹ 16.01.

Business Highlights

Clients:

- 237 as of March 31, 2023
- 16 additions in the quarter

Our People - Happiest Minds:

- 4,917 Happiest Minds as of March 31, 2023 (net addition for the quarter **306**)
- Trailing 12 months attrition of 19.8%
- Utilization of 74.6%, from 80.1% in last quarter

Q4 FY 23 Key Project Wins:

- For a large EduTech company that enables learners and academic institutions to achieve their goals, Happiest Minds was chosen as their strategic partner to provide digital engineering and test automation services.
- For a leading provider of hardware for the gaming industry, Happiest Minds was chosen to provide embedded and software development services.
- For a world leader in the recreational travel and hospitality industry, this consulting-led engagement entails Happiest Minds to evaluate, recommend and advise for building their ESG Reporting Platform.
- For a global industrial technology leader, Happiest Minds is providing application testing services.
- For this existing client in the property and casualty insurance industry in North America, Happiest Minds has been chosen to provide security services.
- For a large loyalty program provider in the ANZ region, Happiest Minds is chosen to provide consulting, support and implementation services to enhance security and privacy environments around data and cloud.
- For this Australia-based existing client in the Quick Service Restaurant industry, Happiest Minds is a partner of choice in their digital transformational initiatives.
- For a reputed Hi-Tech company providing digital transformational services in the middle east, Happiest Minds has been chosen to provide cloud migration services.
- For an India-based international provider of quality B2B solutions in the higher education space, Happiest Minds is building their next-gen platform for test prep leveraging cloud.
- For a reputed India-headquartered global automotive company, Happiest Minds has been chosen to provide engineering services leveraging 5G for their connected car program.

Recognitions:

- Happiest Minds won the ICAI Award for Excellence in Financial Reporting 2021-22
- Happiest Minds' MD & CFO, Mr. Venkatraman Narayanan recognized as a '**Leading CFO of the**

Year' at the CII CFO Excellence Awards 2022.

- Happiest Minds is among the **Top 50 India's Best Workplaces™ for Building a Culture of Innovation 2023**.
- Happiest Minds is among **Top 10 India's Best Workplaces™ in Health & Wellness 2022**
- Priya Kanduri was awarded at '**Women In Tech Leadership Awards 2023**' by AIM and the '**Women at Work Achiever of the Year 2023**' by FKCCI

Analyst Mentions:

- Happiest Minds is a 'Leader in Enterprise Software' – Zinnov Zone

Announcements:

- The Board of Directors of the Company at their meeting held on May 8, 2023, has recommended a final dividend of ₹3.4 per equity share of face value ₹ 2/- for the financial year 2022-23 subject to shareholder approval.

Extract of the Audited Consolidated Financial Results for the quarter and nine months ended
March 31, 2023

(Rs in lakhs)

Happiest Minds Technologies Limited CIN : L72900KA2011PLC057931 Regd. Office: #53/1-4, Hosur Main Road, Madivala (next to Madivala Police Station) Bangalore 560 068, Karnataka, India Website: www.happiestminds.com , Email: IR@happiestminds.com , Tel: +91 80 6196 0300 Consolidated Statement of Assets and Liabilities as at March 31, 2023			
SI No	Particulars	As at March 31, 2023 (Audited)	As at March 31, 2022 (Audited)
	ASSETS		
A	Non-current assets		
	Property, plant and equipment	13,278	78
	Capital work-in-progress	185	-
	Goodwill	13,913	7,896
	Other intangible assets	10,182	2,396
	Right-of-use assets	5,786	5,390
	Intangible assets under development	81	35
	Financial assets:		
	i. Investments	1,296	762
	ii. Other financial assets	9,389	1,827
	Income tax assets (net)	1,310	680
	Deferred tax assets, net	1,246	697
	Other assets	119	1
	Total non-current assets	56,785	19,762
B	Current assets		
	Financial assets		
	i. Investments	-	46,400
	ii. Trade receivables	21,319	16,738
	iii. Cash and cash equivalents	6,999	6,729
	iv. Bank balance other cash and cash equivalent	62,184	10,071
	v. Loans	64	4
	vi. Other financial assets	12,237	9,405
	Other assets	4,495	3,392
	Total current assets	107,298	92,739
	Total assets (A+B)	164,083	112,501
	EQUITY AND LIABILITIES		
C	Equity		
	Equity share capital	2,866	2,854
	Other equity	81,016	63,726
	Total Equity	83,882	66,580
D	Non-current liabilities		
	Financial liabilities		
	i. Borrowings	11,278	1,724
	ii. Lease liabilities	4,761	4,119
	iii. Other Financial liabilities	1,996	1,291
	Provisions	2,466	1,858
	Deferred tax liabilities (net)	2,060	468
	Non-current liabilities	22,561	9,460
E	Current liabilities		
	Contract liability	1,157	1,346
	Financial liabilities		
	i. Borrowings	35,477	17,340
	ii. Lease liabilities	1,859	1,792
	iii. Trade payables		
	(A) Total outstanding dues of micro enterprises and small enterprises	83	79
	(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	6,969	5,993
	iv. Other financial liabilities	7,428	5,788
	Income tax liabilities (net)	517	239
	Other current liabilities	2,375	2,426
	Provisions	1,775	1,458
	Total current liabilities	57,640	36,461
F	Total liabilities (D+E)	80,201	45,921

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(Rs. in lakhs)					
Statement of Consolidated Financial Results for the quarter and year ended March 31, 2023					
Particulars	Quarter ended			Year ended	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	Refer note 2	(Unaudited)	(Unaudited)	Audited	Audited
I. Revenue					
(a) Revenue from operations	37,798	36,688	30,057	142,929	109,365
(b) Other income	845	780	991	2,111	3,710
Total Revenue	38,643	37,468	31,048	145,040	113,075
II. Expenses					
(a) Employee benefits expense	22,109	20,882	16,694	80,681	62,000
(b) Finance costs	875	576	286	2,186	995
(c) Depreciation and amortisation expense	1,294	992	884	4,191	3,288
(d) Other expenses	6,472	6,860	6,196	26,362	21,598
Total Expenses	30,750	29,310	24,060	113,420	87,881
III. Profit before exceptional items and tax (I-II)	7,893	8,158	6,988	31,620	25,194
IV. Exceptional items: charge / (credit) (refer note 8)	-	634	-	634	609
V. Profit before tax (III-IV)	7,893	7,524	6,988	30,986	24,585
VI. Taxes					
Current tax	2,210	2,335	1,737	8,508	6,266
Expense for earlier periods	-	-	-	-	44
Deferred tax	(83)	(569)	40	(621)	155
Total Tax expense	2,127	1,766	1,777	7,887	6,465
VII. Profit for the period / year (V-VI)	5,766	5,758	5,211	23,099	18,120
VIII. Other comprehensive income, net of tax [(loss)/income]					
(i) Items to be reclassified to profit or loss in subsequent periods / year					
a) Exchange difference on translation of foreign operation	(47)	109	29	517	202
b) Net change in fair value of derivatives designated as cash flow hedges	782	165	(405)	(632)	(316)
c) Income tax effect on above	(197)	(41)	102	159	80
(ii) Items not to be reclassified to profit or loss in subsequent periods / year					
a) Re-measurement of defined benefit plans	14	13	26	(155)	(97)
b) Income tax effect on above	(4)	(3)	(7)	39	24
c) Net change in equity instruments through other comprehensive income	(351)	-	-	(351)	-
d) Income tax effect on above	74	-	-	74	-
IX. Total comprehensive income for the period / year (VII-VIII)	6,037	6,001	4,956	22,750	18,013
X. Paid-up equity share capital (face value of Rs. 2/- each)	2,866	2,863	2,854	2,866	2,854
XI. Other equity				81,016	63,726
XI. Earnings per share ("EPS") (face value of Rs.2/- each) (not annualised for quarters):					
Basic EPS (Rs.)	4.01	4.02	3.68	16.13	12.84
Diluted EPS (Rs.)	3.98	3.98	3.58	16.01	12.55

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Notes to Statement of Consolidated Financial Results for the quarter and year ended March 31, 2023

1. In terms of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, this Statement of Consolidated Financial Results for the quarter and year ended March 31, 2023 ("Consolidated Financial Results") of Happiest Minds Technologies Limited (the "Holding Company" or the "Company") and its subsidiaries, Happiest Minds Inc. and Sri Mookambika Infosolutions Private Limited (together referred to as "the Group") has been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 8, 2023.

2. The figures for the quarter ended March 31, 2023 are balancing figures between audited figures in respect of full financial year upto March 31, 2023 and the published year-to-date figure upto December 31, 2022 being the date of the end of the third quarter of the financial year. The published year-to-date results upto December 31, 2022 was subjected to a limited review by the Statutory Auditors of the Company.

3. The Consolidated Financial Results of the Group have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards ("Ind AS") as prescribed under section 133 of the Companies Act 2013, and as amended, read with relevant rules thereunder and in terms of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended and SEBI Circular No.CIR/CFD/CMD1/44/2019 dated March 29, 2019.

4. The Board of Directors of the Company at their meeting held on May 8, 2023 have, for the financial year ended March 31, 2023, recommended the payout of a final dividend of Rs. 3.40/- per equity share of face value Rs.2/- each. This recommendation is subject to approval of Shareholders at the 12th Annual General Meeting of the Company scheduled to be held on July 17, 2023.

5. The financial results of the Company on standalone basis is as follows:

(Rs. in lakhs)

Particulars	Quarter ended			Year ended	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	Refer note 2	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Total revenue (including other income)	35,104	35,294	29,724	135,489	107,125
Profit before tax	7,258	7,325	8,084	29,168	25,085
Profit for the period / year	5,126	5,727	6,221	21,638	18,648
Total comprehensive income for the period / year ended	5,744	5,861	5,937	21,072	18,339

6. The segment reporting of the Group has been prepared in accordance with Ind AS-108 on 'Operating Segments'. The Group executive management committee examines the Group's performance on the basis of its business units and has identified three reportable segments: Infrastructure Management & Security Services (IMSS), Digital Business Solutions (DBS) and Product Engineering Services (PES).

Segment wise revenue and results are as follows:

(Rs. in lakhs)

Particulars	Quarter ended			Year ended	
	March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	Refer note 2	(Unaudited)	(Unaudited)	(Audited)	(Audited)
1. Segment revenue					
IMSS	7,525	7,910	6,848	30,694	24,168
DBS	11,180	11,267	8,762	43,070	32,887
PES	19,093	17,511	14,447	69,165	52,310
Total	37,798	36,688	30,057	142,929	109,365
2. Segment results					
IMSS	2,119	2,535	1,739	9,243	5,917
DBS	3,673	3,082	2,261	13,089	8,789
PES	7,422	6,842	5,929	28,113	20,693
Total	13,214	12,459	9,929	50,445	35,399
Unallocable other income	845	780	991	2,111	3,710
Unallocable finance cost	(791)	(576)	(286)	(2,102)	(995)
Unallocable depreciation and amortisation expenses	(1,294)	(992)	(884)	(4,191)	(3,288)
Other unallocable expenses	(4,080)	(4,147)	(2,762)	(15,276)	(10,241)
Tax expense	(2,128)	(1,766)	(1,777)	(7,888)	(6,465)
Profit after tax	5,766	5,758	5,211	23,099	18,120

Segment wise assets and liabilities are as follows:

(Rs. in lakhs)

Particulars	March 31, 2023	March 31, 2022
	(Audited)	Refer note 2
1. Segment assets		
IMSS	6,420	7,202
DBS	19,590	19,140
PES	34,452	12,632
Other unallocable assets	103,621	73,527
Total assets	164,083	112,501
2. Segment liabilities		
IMSS	965	1,234
DBS	6,560	9,144
PES	8,775	1,884
Other unallocable liabilities	63,901	33,659
Total liabilities	80,201	45,921

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Notes to Statement of Consolidated Financial Results for the quarter and year ended March 31, 2023

7. On January 1, 2023, the Group obtained operational and management control of Sri Mookambika Infosolutions Private Limited ('SML'), a Madurai based Company which provides IT services, through a Control Agreement. The Group acquired 100% equity in SML for total consideration of INR 13,694 lakhs, comprising cash consideration of INR 11,132 lakhs and fair-value of contingent consideration of INR 2,562 lakhs payable over the next 2 years subject to achievement of set targets. The Company paid the cash consideration of INR 11,132 lakhs on February 6 2023 and the shares were transferred on the same day. As a result of this acquisition the Group recorded goodwill of INR 5,404 lakhs and other intangible assets of INR 8,259 lakhs. The Group has consolidated SML w.e.f January 1, 2023.

8. The Group had acquired 100% Equity interest in Happiest Minds Inc. (erstwhile PGS Inc.) vide definitive agreements signed on January 27, 2021, for a total recorded consideration of US \$ 13.31 million (INR 9,720 lakhs), comprising cash consideration of US \$ 8.25 million (INR 6,025 lakhs) and fair-valued contingent consideration in the form of warrants of US \$ 5.06 million (INR 3,696 lakhs) payable over the next 3 years.

The contingent consideration was classified as a financial liability as per Ind AS 109 'Financial Instruments' and was measured at fair value. The Accounting Standard mandates that any subsequent changes in such fair value will have to be recognized in the statement of profit and loss. The Group carried out a fair valuation during the year and there was increase in the liability. The said increase amounting to INR 634 lakhs (March 31, 2022 : INR 609 lakhs) has been recognised in the statement of profit and loss and disclosed as an 'Exceptional Item'.

9. Rules in relation to 'The Code on Social Security, 2020 ('Code')' yet to be notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect.

10. Previous quarter's/ year's figures have been regrouped/ reclassified wherever necessary to conform with current year classification.

11. The above Consolidated Financials Results of the Group are available on the Company's website www.happiestminds.com and also that of BSE (www.bseindia.com) and NSE (www.nseindia.com).



For and on behalf of the Board
For Happiest Minds Technologies Limited

Venkatraman Narayanan
Managing Director & Chief Financial Officer
DIN : 01856347

Place: Bengaluru, India
Date: May 8, 2023

**For further details please refer to the Investors presentation hosted on the Company website
-- Investors section**

About Happiest Minds Technologies:

[Happiest Minds Technologies Limited](#) (NSE: HAPSTMNDS), a Mindful IT Company, enables **digital transformation** for enterprises and technology providers by delivering seamless customer experiences, business efficiency and actionable insights. We do this by leveraging a spectrum of disruptive technologies such as: [artificial intelligence](#), [blockchain](#), [cloud](#), [digital process automation](#), [internet of things](#), robotics/drones, [security](#), [virtual/augmented reality](#), etc. Positioned as 'Born Digital . Born Agile', our capabilities span digital solutions, infrastructure, product engineering and security. We deliver these services across industry sectors such as automotive, BFSI, consumer packaged goods, e-commerce, EduTech, engineering R&D, healthcare, hi-tech, manufacturing, retail and travel/transportation/hospitality.

A Great Place to Work-Certified™ company, Happiest Minds is headquartered in Bangalore, India with operations in the U.S., UK, Canada, Australia and Middle East.

Safe harbor

This release may contain certain forward-looking statements, which involves risks and uncertainties that could cause our future results to differ materially from those in such forward-looking statements. The COVID-19 pandemic could decrease our customers' technology spend, delaying prospective customers' purchasing decisions, and impact our ability to provide services; all of which could adversely affect our future revenue, margin, and overall financial performance. Our operations could also be negatively impacted by a range of external factors not within our control including those due to the pandemic. We do not undertake to update any of our forward-looking statements that may be made from time to time by us or on our behalf.

For more information, contact:

Media Contact:

media@happiestminds.com

Investors Relations:

IR@happiestminds.com