

January 19, 2024

Listing Compliance & Legal Regulatory
BSE Limited
Phiroze Jeejeebhoy Towers Dalal
Street, Mumbai 400001
Stock Code: 543227, 974728, 974820 & 975101

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

Dear Sir/Madam,

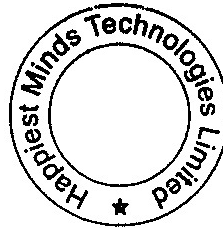
Sub: Communication to shareholders – Financial Results for the quarter and nine months ended December 31, 2023

With reference to our letter dated January 17, 2024, please find enclosed herewith an e-mail communication dated January 19, 2024, pertaining to key highlights of the Company's performance for the quarter and nine months ended December 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 January 17, 2024, has approved the unaudited financial statements of the Company for the quarter and nine months ended as on December 31, 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,

Wishing you and your family a happy new year.

We are pleased to share with you that Happiest Minds has reported resilient performance with an industry leading revenue growth at 11.5% on a constant currency for the nine months ended December 31, 2023 while beating EBITDA guidance for fifteen quarters in a row.

During the quarter, your company added ten new logos, increased its million-dollar customers by one to a total of 45, and the \$1 bn+ customers went up by 2 to a total of 59. The results reflect sustained trust of the market in our value proposition, our ability to consistently win new logos and expand our presence amongst our existing customers.

To give further impetus to our ten-year vision, we are taking a three-pronged approach to strengthen our sales engine

- The creation of a Gen AI business unit has had an excellent start. We are already in active engagements with 120+ use cases across our customer base.
- We will strengthen our sales engine by hiring a global sales head who will exclusively look at new logo additions along with a focused team of hunters.
- We will take a verticalized approach to the market with the creation of 5-6 Industry Groups (IG). Each IG will be the fuel for the new engine of growth for Happiest Minds.

Key financial and operational highlights for the quarter 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

Joseph Anantharaju
Executive Vice Chairman

Key Financial Metrics

All amounts in ₹ Lakhs unless stated otherwise

Particulars	Q3 FY 24	Q2 FY 24	QoQ	Q3 FY 23	YoY	9M FY 24	9M FY 23	YoY
Revenues	40,988	40,662	0.8%	36,688	11.7%	1,20,737	1,05,131	14.8%
Other Income	2,429	2,221	-	780	-	6,016	1,266	-
Total Income	43,417	42,883	1.2%	37,468	15.9%	1,26,753	1,06,397	19.1%
EBITDA	10,519	10,482	0.4%	9,726	8.2%	31,300	27,935	12.0%
%	24.2%	24.4%		26.0%		24.7%	26.3%	
PBT	8,073	7,912	2.0%	7,524	7.3%	23,853	23,093	3.3%
%	18.6%	18.5%		20.1%		18.8%	21.7%	
Tax	2,111	2,066	-	1,766	-	6,212	5,760	-
%	4.9%	4.8%		4.7%		4.9%	5.4%	
PAT	5,962	5,846	2.0%	5,758	3.5%	17,641	17,333	1.8%
%	13.7%	13.6%		15.4%		13.9%	16.3%	
Revenues (\$'000)	49,366	49,121	0.5%	45,279	9.0%	1,46,053	1,31,850	10.8%
Growth in Constant Currency		-	0.8%	-	9.4%		-	11.5%

Financial highlights

Quarter ended December 31, 2023

- Revenue in constant currency grew by 0.8% q-o-q and 9.4% y-o-y
- Operating Revenues in US\$ stood at \$49.4 million (growth of 0.5% q-o-q; 9.0% y-o-y)
- Total Income of ₹ 43,417 lakhs (growth of 1.2% q-o-q; 15.9% y-o-y)
- EBITDA of ₹ 10,519 lakhs, 24.2% of Total Income (growth of 0.4% q-o-q; 8.2% y-o-y)
- PAT of ₹ 5,962 lakhs (growth of 2.0% q-o-q; 3.5% y-o-y)
- Free cash flows of ₹ 9,894 Lakhs
- EPS (diluted) for the quarter at ₹ 3.96.

Nine months ended December 31, 2023

- Revenue in constant currency grew by 11.5% y-o-y
- Operating Revenues in US\$ stood at \$146.1 million (growth of 10.8% y-o-y)
- Total Income of ₹ 1,26,753 lakhs (growth of 19.1% y-o-y)
- EBITDA of ₹ 31,300 lakhs, 24.7% of Total Income (growth of 12.0% y-o-y)
- PAT of ₹ 17,641 lakhs (growth of 1.8% y-o-y)
- Free cash flows of ₹ 30,323 Lakhs
- EPS (diluted) for nine months at ₹ 11.89.

Business Highlights

Clients:

- 245 as of December 31, 2023
- 10 additions in the quarters

Our People - Happiest Minds:

- 5,246 Happiest Minds as of December 31, 2023
- Trailing 12 months attrition of 14.1% (14.4% in the previous quarter)
- Utilization of 76.7%, from 75.6% in last quarter

Q3 FY 24 Key Project Wins:

- For a **global education and learning company**, Happiest Minds is building their Gen AI-powered hyper-personalized tutor, study plan generator and assistant platform.
- For one of the **largest integrated automotive service companies**, Happiest Minds was chosen as their strategic partner to accelerate their cloud journey on Microsoft Azure
- For an **Australian Hi-Tech Company**, Happiest Minds has been chosen to build its digital retail platform.
- For an **Indian not-for-profit organization in the healthcare sector**, Happiest Minds has been chosen to upgrade its proprietary surgical platform to drive better user experience.
- For one of the **world's largest automobile original equipment manufacturers (OEM)**, Happiest Minds was chosen as a strategic partner to enhance dealer experience and drive omni-channel experience for their customer-facing platform.
- For a **leading property marketplace in South Asia**, Happiest Minds is the preferred partner to upgrade its customer-facing platform.
- For a **global manufacturer of materials-handling equipment**, this consulting-led engagement entails Happiest Minds to advise and build their data platform.

Recognitions:

- Happiest Minds is recognized among '**Top 50 India's Best Workplaces in IT & IT-BPM 2023**' by Great Place To Work® Institute
- Happiest Minds recognized among **100 Best Companies for Women in India 2023** by Avtar and Seramount
- Happiest Minds was awarded the **GOLD** award for its 2023 Integrated Annual Report from the **League of American Communication Professionals (LACP)**
- Happiest Minds' Integrated Annual Report 2022 won **Gold** at the **SAFA Best Presented Annual Report Awards**
- Happiest Minds won **CULT.fit 'India's Fittest Disruptors 2023' Award**
- Happiest Minds was recognized as '**Procurement Organization of the Year**' at the 8th **Annual ISM-INDIA Conference and CPO Awards 2023**

Analyst Mentions:

- Happiest Minds is '**Niche & Established**' in Digital Engineering and ER&D Services - Generative AI Engineering Services - **Zinnov Zones**
- Happiest Minds is '**Leader**' in Digital Engineering and ER&D Services – Enterprise Software - **Zinnov Zones**
- Happiest Minds is '**Leader**' in Digital Engineering and ER&D Services – Consumer Software - **Zinnov Zones**
- Happiest Minds is '**Leader**' in Digital Engineering and ER&D Services – Software Platform Engineering - **Zinnov Zones**
- Happiest Minds is '**Leader**' in Digital Engineering and ER&D Services – Small and Medium Service Providers - **Zinnov Zones**
- Happiest Minds is '**Aspirant**' in Lending IT Services PEAK Matrix® Assessment 2023 - **Everest Group**
- Happiest Minds is '**Aspirant**' in Cloud Services in Insurance PEAK Matrix® Assessment 2023 - **Everest Group**
- Happiest Minds is featured in '**Transforming the Banking Industry with ESG Services**' - **Nelson Hall**

**Extract of the Unaudited Consolidated Financial Results for the quarter and nine months ended
December 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						
(Rs. in lakhs)						
Statement of Unaudited Consolidated Financial Results for the quarter and nine months ended December 31, 2023						
Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2023 (Unaudited)	September 30, 2023 (Unaudited) Refer note 2	December 31, 2022 (Unaudited) Refer note 2	December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited) Refer note 2	March 31, 2023 (Audited)
I. Revenue						
(a) Revenue from operations	40,988	40,662	36,688	1,20,737	1,05,131	1,42,929
(b) Other income	2,429	2,221	780	6,016	1,266	2,111
Total revenue	43,417	42,883	37,468	1,26,753	1,06,397	1,45,040
II. Expenses						
(a) Employee benefits expense	26,139	25,510	20,882	75,192	58,572	80,681
(b) Finance costs	1,072	1,115	576	3,194	1,311	2,186
(c) Depreciation and amortisation expense	1,481	1,455	992	4,360	2,897	4,191
(d) Other expenses	6,759	6,891	6,860	20,261	19,890	26,362
Total expenses	35,451	34,971	29,310	1,03,007	82,670	1,13,420
III. Profit before exceptional items and tax (I-II)	7,966	7,912	8,158	23,746	23,727	31,620
IV. Exceptional items (refer note 6 and note 7)	(107)	-	634	(107)	634	634
V. Profit before tax (III-IV)	8,073	7,912	7,524	23,853	23,093	30,986
VI. Tax expense						
Current tax	2,192	2,237	2,335	6,709	6,298	8,508
Deferred tax charge / (credit)	(81)	(171)	(569)	(497)	(538)	(621)
Total Tax expense	2,111	2,066	1,766	6,212	5,760	7,887
VII. Profit for the period / year (V-VI)	5,962	5,846	5,758	17,641	17,333	23,099
VIII. Other comprehensive income, net of tax [(loss)/profit]						
(i) Items to be reclassified to profit or loss in subsequent periods / year						
a) Exchange difference on translation of	16	92	109	96	564	517
b) Net change in fair value of derivatives designated as cash flow hedges	(166)	(464)	165	206	(1,414)	(632)
c) Income tax effect on above	41	116	(41)	(52)	356	159
(ii) Items not to be reclassified to profit or loss in subsequent periods / year						
a) Re-measurement of defined benefit plans	(125)	(165)	13	(310)	(169)	(155)
b) Income tax effect on above	32	42	(3)	78	43	39
c) Net change in equity instruments through other comprehensive income	-	(260)	-	(260)	-	(351)
d) Income tax effect on above	-	55	-	55	-	74
IX. Total comprehensive income for the period / year (VII+VIII)	5,760	5,262	6,001	17,454	16,713	22,750
X. Paid-up equity share capital (Rs. 2/- each)	2,981	2,980	2,863	2,981	2,863	2,866
XI. Other equity						81,016
XII. Earnings per share ("EPS") (of Rs. 2/- each) (not annualised for quarters):						
Basic EPS (Rs.)	3.98	3.92	4.02	11.93	12.15	16.13
Diluted EPS (Rs.)	3.96	3.90	3.98	11.89	12.01	16.01

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

Notes to Statement of Unaudited Consolidated Financial Results for the quarter and nine months ended December 31, 2023

1. In terms of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, this Statement of Unaudited Consolidated Financial Results for the quarter and nine months ended December 31, 2023 ("Unaudited 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 January 17, 2024 and subjected to a limited review by the Statutory Auditors of the Company.

2. The unaudited consolidated financial results for quarter and nine months ended December 31, 2022 and in respect of comparative financial results for the quarter ended September 30, 2023 was subjected to a limited review by the Statutory Auditors of the Company.

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

(Rs. in lakhs)

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023	December 31, 2022	March 31, 2023
	(Unaudited)	(Unaudited) Refer note 2	(Unaudited) Refer note 2	(Unaudited)	(Unaudited) Refer note 2	(Audited)
Total revenue (including other income)	42,017	39,228	35,294	1,18,343	1,00,385	1,35,489
Profit before tax	9,930	7,417	7,325	25,105	21,910	29,168
Profit for the period / year	7,983	5,453	5,727	19,180	16,512	21,638
Total comprehensive income for the period / year ended	7,787	4,959	5,861	19,094	15,328	21,072

5. 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 Services (DBS) and Product Engineering Services (PES).

Segment wise revenue and results are as follows:

(Rs. in lakhs)

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023	December 31, 2022	March 31, 2023
	(Unaudited)	(Unaudited) Refer note 2	(Unaudited) Refer note 2	(Unaudited)	(Unaudited) Refer note 2	(Audited)
1. Segment revenue						
IMSS	7,299	7,381	7,910	22,195	23,169	30,694
DBS	12,181	11,672	11,267	35,028	31,890	43,070
PES	21,508	21,609	17,511	63,514	50,072	69,165
Total	40,988	40,662	36,688	1,20,737	1,05,131	1,42,929
2. Segment results						
IMSS	1,983	1,826	2,535	5,797	7,124	9,243
DBS	3,419	2,936	2,842	9,523	8,674	12,138
PES	7,722	7,733	6,842	22,861	20,691	27,870
Total	13,124	12,495	12,219	38,181	36,489	49,251
Unallocable other income	2,429	2,221	780	6,016	1,266	2,111
Unallocable finance cost	(1,012)	(1,054)	(576)	(3,015)	(1,265)	(2,102)
Unallocable depreciation and amortisation expenses	(895)	(870)	(752)	(2,519)	(2,201)	(2,997)
Other unallocable expenses	(5,573)	(4,880)	(4,147)	(14,810)	(11,196)	(15,276)
Tax (expense) / credit	(2,111)	(2,066)	(1,766)	(6,212)	(5,760)	(7,888)
Profit after tax	5,962	5,846	5,758	17,641	17,333	23,099

Segment wise assets and liabilities are as follows:

(Rs. in lakhs)

Particulars	As at	
	December 31, 2023	March 31, 2023
	(Unaudited)	(Audited)
1. Segment assets		
IMSS	7,982	6,420
DBS	21,954	19,590
PES	33,869	34,452
Other unallocable assets	1,58,498	1,03,621
Total assets	2,22,303	1,64,083
2. Segment liabilities		
IMSS	1,097	965
DBS	4,667	6,560
PES	8,980	8,775
Other unallocable liabilities	66,093	63,901
Total liabilities	80,837	80,201

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

Notes to Statement of Unaudited Consolidated Financial Results for the quarter and nine months ended December 31, 2023

6. On January 1, 2023, the Group obtained operational and management control of Sri Mookambika Infosolutions Private Limited ("SMI"), a Madurai based Company which provides IT services, through a Control Agreement. The Group acquired 100% equity in SMI 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 SMI w.e.f January 1, 2023.

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 total consideration for acquisition of SMI includes a contingent consideration payable over a period of 2 years ending December 31, 2024. The Group has re-measured the fair value of the liability and the change in fair value has been recognised in the statement of profit and loss and disclosed as an 'Exceptional Item' for the quarter and nine months ended December 31, 2023.

7. 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 re-measured the fair value of the liability and the change in fair value has been recognised in the statement of profit and loss and disclosed as an 'Exceptional Item' for the quarter and nine months ended December 31, 2022.

8. The Group raised capital of Rs.50,000 lakhs through Qualified Institutions Placement ("QIP") of equity shares. The Fund-Raising Committee of the Board of Directors of the Company, at its meeting held on July 14, 2023, approved the allotment of 54,11,255 equity shares of face value Rs.2 each to eligible investors at a price Rs.924 per equity share (including a premium of Rs.922 per equity share).

9. Rules in relation to 'The Code on Social Security, 2020 ('Code')' are 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 Unaudited Consolidated Financial 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: January 17, 2024

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: HAPPSTMNDS), 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