

August 11, 2023

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

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 ended June 30, 2023

With reference to our letter dated August 08, 2023, please find enclosed herewith an e-mail communication dated August 10, 2023, pertaining to key highlights of the Company's performance for the quarter ended June 30, 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 August 08, 2023, has approved the unaudited financial statements of the Company for the quarter ended as on June 30, 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 with you that your Company has consistently and yet again delivered industry-leading performance both on total income growth and profitability at 4.7% q-o-q and 25.5% respectively. Our EBITDA margin has surpassed the upper band of our guidance band for thirteen quarters in a row. The performance reflects the strong value proposition we bring to our customers who remain committed in their journey to realize new revenue channels, stay relevant to their customers and enhance efficiency in their operations.

During the quarter, your Company crossed many significant milestones –

- Our head count crossed 5,000 during the quarter and we are now 5,048 strong happiest minds. We thank all Happiest Minds for their continued commitment and dedication over the years. We express our gratitude to the 200 Happiest Minds who crossed a decade of association with the Company.
- We closed a very successful Qualified Institutions Placement(QIP) issue of ₹ 500 Crores with strong support from reputed institutions across both domestic and international. We thank them for their trust and support.

During the quarter, your Company was able to close 18 new logos, which is a testament to the organic growth engine. Your Company works with 57 large enterprises having more than US \$ 1 Bn in revenues with the count having increased by two in the reported period. We are delighted to share that your Company has its first customer contributing more than US \$ 20 Mn in revenues. These are testimony to our effective land and expand strategy.

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	Q1 FY 24	Q4 FY 23	QoQ	Q1 FY 23	YoY
Revenues	39,087	37,798	3.4%	32,892	18.8%
Other Income	1,366	845	-	104	-
Total Income	40,453	38,643	4.7%	32,996	22.6%
EBITDA	10,299	10,062	2.4%	8,775	17.4%
%	25.5%	26.0%		26.6%	
PBT	7,868	7,893	(0.3)%	7,558	4.1%
%	19.4%	20.4%		22.9%	
Tax	2,035	2,127	-	1,924	-
%	5.0%	5.5%		5.8%	
PAT	5,833	5,766	1.2%	5,634	3.5%
%	14.4%	14.9%		17.1%	
Revenues (\$'000)	47,566	45,918	3.6%	42,224	12.7%
Growth in Constant Currency	-	-	3.5%	-	13.8%

Financial highlights

Quarter ended June 30, 2023:

- Revenue in constant currency grew by 3.5% q-o-q and 13.8% y-o-y
- Operating Revenues in US\$ stood at \$47.6 million (growth of 3.6% q-o-q; 12.7% y-o-y)
- Total Income of ₹ 40,453 lakhs (growth of 4.7% q-o-q; 22.6% y-o-y)
- EBITDA of ₹ 10,299 lakhs, 25.5% of Total Income (growth of 2.4% q-o-q; 17.4% y-o-y)
- PAT of ₹ 5,833 lakhs, 14.4% of Total Income (growth of 1.2% q-o-q; 3.5% y-o-y)
- Free cash flows of ₹ 10,133 lakhs
- EPS (diluted) for the quarter of ₹ 4.02

Business Highlights

Clients:

- 243 as of June 30, 2023
- 18 additions in the quarter

Our People - Happiest Minds:

- 5,048 Happiest Minds as of June 30, 2023 (net addition for the quarter **131**)
- Trailing 12 months attrition of 16.6% (19.8% for Q4 FY23)
- Utilization of 74.6%

Q1 FY 24 Key Project Wins:

- For a next-generation learning platform and an existing customer, Happiest Minds is their strategic partner to provide product engineering services, quality engineering and automation services across their teacher and student engagement platform. This is a consolidation deal based on the excellent service provided over an eight-year relationship and Happiest Minds is the single vendor.
- For a billion-dollar global, specialty chemicals company, Happiest Minds was appointed to draft their digital roadmap covering commercial, operations, and IT functional areas.
- For a global leader and innovator in the bioscience industry, Happiest Minds was chosen to implement cloud-based product life cycle management (PLM) solutions.
- For one of the world's largest pharmaceuticals company, this consulting-led engagement entails Happiest Minds to provide strategic quality assurance and automation services for their Digital Surgery Enablement Platform
- For a large digital transformation specialist, this multi-year multi-million-dollar deal entails Happiest Minds to deliver infrastructure and security services
- For a large enterprise software support company, Happiest Minds has signed a multi-million-dollar deal to provide managed database services and ITSM services
- For a global, high-tech engineering group based in Europe, Happiest Minds was chosen to design and implement the Modern Data Platform on Microsoft Azure
- For a global talent fulfilment enterprise in Europe, Happiest Minds was chosen to streamline multiple workflows leveraging Microsoft's Power Platform for improved employee experience and actionable intelligence for decision-makers
- For a large Middle east based petrochemical company, Happiest Minds is chosen to provide consulting-led Operational Technology (OT) Solutions
- For an Australia-based health insurance and services provider, Happiest Minds was chosen as a strategic partner to enhance their security posture by leveraging Microsoft Sentinel and CloudSecOps

Recognitions:

- Happiest Minds is recognized among Top 100 '**India's Best Companies to Work for 2023**' by Great Place To Work® Institute
- Happiest Minds' CRPP solution won '**Best Security Operation Centre of the Year**' at the CISO Summit & Awards 2023
- Happiest Minds was honored with **STPI Exports & Excellence Awards 2021-22**
- Happiest Minds won '**Digital Transformation of the Year**' at IReC Awards 2023

Analyst Mentions:

- Happiest Minds is a '**Major Contender**' in Low-Code application development services - Everest
- Happiest Minds is a '**Rising Star**' in Design & Development - ISG
- Happiest Minds is a '**Rising Star**' in Integrated User Engagement - ISG
- Happiest Minds is a '**Rising Star**' in Platforms & App Services - ISG

Extract of the Unaudited Consolidated Financial Results for the quarter ended June 30, 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 ended June 30, 2023				
Particulars	Quarter ended			Year ended
	June 30, 2023 (Unaudited)	March 31, 2023 Refer note 2	June 30, 2022 (Unaudited)	March 31, 2023 Audited
I. Revenue				
(a) Revenue from operations	39,087	37,798	32,892	1,42,929
(b) Other income	1,366	845	104	2,111
Total Revenue	40,453	38,643	32,996	1,45,040
II. Expenses				
(a) Employee benefits expense	23,543	22,109	17,834	80,681
(b) Finance costs	1,007	875	283	2,186
(c) Depreciation and amortisation expense	1,424	1,294	934	4,191
(d) Other expenses	6,611	6,472	6,387	26,362
Total Expenses	32,585	30,750	25,438	1,13,420
III. Profit before exceptional items and tax (I-II)	7,868	7,893	7,558	31,620
IV. Exceptional items: charge / (credit) (refer note 8)	-	-	-	634
V. Profit before tax (III-IV)	7,868	7,893	7,558	30,986
VI. Taxes				
Current tax	2,280	2,210	2,325	8,508
Deferred tax	(245)	(83)	(401)	(621)
Total Tax expense	2,035	2,127	1,924	7,887
VII. Profit for the period / year (V-VI)	5,833	5,766	5,634	23,099
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	(12)	(47)	247	517
b) Net change in fair value of derivatives designated as cash flow hedges	836	782	(971)	(632)
c) Income tax effect on above	(210)	(197)	244	159
(ii) Items not to be reclassified to profit or loss in subsequent periods / year				
a) Re-measurement of defined benefit plans	(20)	14	131	(155)
b) Income tax effect on above	5	(4)	(33)	39
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)	6,432	6,037	5,252	22,750
X. Paid-up equity share capital (face value of Rs. 2/- each)	2,872	2,866	2,854	2,866
XI. Other equity				81,016
XII. Earnings per share ("EPS") (face value of Rs.2/- each) (not annualised for quarters):				
Basic EPS (Rs.)	4.04	4.01	3.96	16.13
Diluted EPS (Rs.)	4.02	3.98	3.88	16.01

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Notes to Statement of Unaudited Consolidated Financial Results for the quarter ended June 30, 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 ended June 30, 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 August 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 unaudited 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 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/CMD/144/2019 dated March 29, 2019.

4. The Board of Directors of the Group 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 was approved by Shareholders at their meeting held on July 17, 2023 and subsequently paid on July 24, 2023.

5. 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).

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

Particulars	Quarter ended			Year ended
	June 30, 2023	March 31, 2023	June 30, 2022	March 31, 2023
	(Unaudited)	Refer note 2	(Unaudited)	(Audited)
Total revenue (including other income)	37,098	35,104	30,915	1,35,489
Profit before tax	7,758	7,258	7,026	29,168
Profit for the period / year	5,744	5,126	5,254	21,638
Total comprehensive income for the period / year ended	6,348	5,744	4,625	21,072

7. 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:

Particulars	Quarter ended			Year ended
	June 30, 2023	March 31, 2023	June 30, 2022	March 31, 2023
	(Unaudited)	Refer note 2	(Unaudited)	(Audited)
1. Segment revenue				
IMSS	7,516	7,525	7,355	30,694
DBS	11,175	11,180	9,904	43,070
PES	20,396	19,093	15,633	69,165
Total	39,087	37,798	32,892	1,42,929
2. Segment results				
IMSS	1,782	2,119	2,097	9,243
DBS	3,374	3,417	2,938	12,138
PES	7,406	7,179	6,867	27,870
Total	12,562	12,715	11,902	49,251
Unallocable other income	1,366	845	104	2,111
Unallocable finance cost	(949)	(791)	(283)	(2,102)
Unallocable depreciation and amortisation expenses	(754)	(795)	(710)	(2,997)
Other unallocable expenses	(4,357)	(4,080)	(3,455)	(15,276)
Tax expense	(2,035)	(2,128)	(1,924)	(7,888)
Profit after tax	5,833	5,766	5,634	23,099

Segment wise assets and liabilities are as follows:

Particulars	Year ended	
	June 30, 2023	March 31, 2023
	(Unaudited)	(Audited)
1. Segment assets		
IMSS	8,575	6,420
DBS	22,288	19,590
PES	34,442	34,452
Other unallocable assets	1,04,750	1,03,621
Total assets	1,70,055	1,64,083
2. Segment liabilities		
IMSS	1,556	965
DBS	6,686	6,560
PES	8,383	8,775
Other unallocable liabilities	63,035	63,901
Total liabilities	79,660	80,201

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Notes to Statement of Unaudited Consolidated Financial Results for the quarter ended June 30, 2023

8. 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.

9. 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 and any increase in the liability has been recognised in the statement of profit and loss and disclosed as an 'Exceptional Item'.

10. 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.

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

12. 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: August 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: 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