

# **HAPPIEST MINDS INC.**

UNAUDITED STANDALONE FINANCIAL STATEMENTS

for the period ended March 31, 2022





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Standalone Balance Sheet as at 31 March 2022 (All amounts in USD, unless otherwise stated)

	Mataa	As at	As at
	Notes	March 31, 2022	March 31,2021
Assets			
Non- current assets			
Financial assets			
i. Investments	1	10,05,000	-
i. Other financial asset	2	-	33,55,143
Deferred tax assets (net)		83,034	-
Total non-current assets		10,88,034	33,55,143
Current assets			
Financial assets			
i. Trade receivables	3	29,16,526	17,29,237
ii. Cash and cash equivalents	4	14,93,805	8,62,660
iii. Other financial assets	2	7,97,611	17,97,316
Other assets	5	73,388	41,411
Total current assets	3	52,81,330	44,30,624
Total carrett assets		32,01,330	44,50,024
Total assets		63,69,364	77,85,767
Equity and liabilities			
Equity			
Equity share capital	6	1,00,000	1,00,000
Other equity	7	(43,91,375)	4,80,564
Total equity		(42,91,375)	5,80,564
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	8	30,00,000	-
i. Other financial liabilities	9	-	33,55,143
Total non-current liabilities		30,00,000	33,55,143
Current liabilities			
Contract liability	10	4,99,693	4,21,882
Financial liabilities	10	7,55,095	7,21,002
i. Trade payables	11	32,07,479	16,75,206
ii. Other financial liabilities	9	36,39,688	17,44,100
Income tax liabilities (net)		3,13,879	17,77,100
Other current liabilities	12	5,15,015	8,872
Total current liabilities	12	76,60,739	38,50,060
Total liabilities		1,06,60,739	72,05,203
		, , ,	
Total equity and liabilities		63,69,364	77,85,767

Standalone Statement of Profit and Loss for the year ended March 31, 2022 (All amounts in USD, unless otherwise stated)

	Notes	For the year ended March 31, 2022	For the period January 1, 2021 to March 31, 2021
Income			
Revenue from contract with customers	13	1,29,52,766	26,78,652
Other income	14	50	37,985
Total income		1,29,52,816	27,16,637
Expenses			
Employee benefits expense	15	10,59,333	3,10,504
Finance cost	16	2,54,054	37,985
Other expenses	17	1,02,94,716	22,93,866
Total expenses		1,16,08,103	26,42,355
Profit before exceptional items and tax		13,44,713	74,282
Exceptional Items	18	8,27,492	-
Profit before tax		5,17,221	74,282
Tax expense			
Current tax		4,10,936	-
Adjustment of tax relating to earlier periods		-	-
Deferred tax charge/ (credit)		(83,034)	-
		3,27,902	-
Profit for the year		1,89,319	74,282
Other comprehensive income		-	-
Total comprehensive income for the year		1,89,319	74,282
Earnings per equity share			
Basic	19	1.89	0.74
Diluted	19	1.89	0.74
The notes referred to above form an integral part of the Sta	indalone Financial Stateme	ents.	

Standalone Statement of Changes in Equity for the year ended March 31, 2022 (All amounts in USD, unless otherwise stated)

For the year ended March 31, 2022		
-	No of Shares	Amount
Equity share capital of \$ 1 each, fully paid up		
As at April 1, 2021	1,00,000	1,00,000
Issue during the period	-	-
As at March 31, 2022	1,00,000	1,00,000
For the year ended March 31, 2021		
	No of Shares	Amount
Equity share capital of \$ 1 each, fully paid up		
As at January 1, 2021	1,00,000	1,00,000
Issue during the period	-	-
As at March 31, 2021	1,00,000	1,00,000
c) Other equity		
For the year ended March 31, 2022		
	Reserves and Su	urplus
	Retained earnings (Note 6)	Total
As at April 1, 2021	4,80,564	4,80,564
Profit/ (loss) for the period	1,89,319	1,89,319
Write-back of receivables from Parent Company (Refer note 7)	(50,61,258)	(50,61,258)
As at March 31, 2022	(43,91,375)	(43,91,375)
For the year ended March 31, 2021		
Tor the year ended March 31, 2021	Reserves and Si	urplus
	Retained earnings	Total
	(Note 6)	
As at January 1, 2021	(Note 6) 4,06,282	4,06,282
As at January 1, 2021 Profit/ (loss) for the period		<b>4,06,282</b> 74,282

Standalone Statement of Cash Flows for the year ended March 31, 2022 (All amounts in USD, unless otherwise stated)

	For the period ended March 31, 2022	For the period January 1, 2021 to March 31, 2021
Operating activities		
Profit before tax	5,17,221	74,282
Adjustments to reconcile profit before tax to net cash flows:		
Finance cost	2,54,054	37,985
Interest income	-	(37,985)
Fair valuation loss on warrant liability	8,27,492	-
Impairment loss allowance on trade receivables	1,90,682	2,04,718
Operating cash flow before working capital changes	17,89,449	2,79,000
Movements in working capital:		
(Increase)/ decrease in trade receivables	(13,77,971)	53,049
(Increase)/ decrease in non-financial assets	(31,977)	(41,411)
(Increase)/ decrease in financial assets	(7,44,395)	(53,216)
Increase/ (decrease) in trade payables	15,29,157	(2,00,210)
Increase/ (decrease) in financial liabilities	(25,00,000)	(5,80,014)
Increase/ (decrease) in contract liabilities	77,811	15,710
Increase/ (decrease) in other non-financial liabilities	(8,872)	(26,360)
	(12,66,798)	(5,53,452)
Income tax paid	(97,057)	(3,61,480)
Net cash flows from operating activities. (A	(13,63,855)	(9,14,932)
Investing activities		
Investment in TECH4TH Solutions Inc.	(10,05,000)	-
Net cash flows used in investing activities (E	·	-
Financing activities		
Loan From Parent company	30,00,000	-
Net cash flows used in financing activities (C		-
Net increase in cash and cash equivalents	6,31,145	(9,14,932)
Cash and cash equivalents at the beginning of the year	8,62,660	17,77,592
Cash and cash equivalents at the end of the year	14,93,805	8,62,660
Components of cash and cash equivalents		
Balance with banks		
- on current account	14,93,805	8,62,660.00
Total cash and cash equivalents	14,93,805	8,62,660
The notes referred to above form an integral part of the Standalone Financial St		

1. Investments	March 31, 2022	March 31, 2021	
Non-current			
Carried at fair value through other comprehensive income [FVTOCI] (fully paid)			
Unquoted			
134 (March 31, 2021: Nil) Series A Common Shares of \$ 0.01 par value of TECH4TH Solutions	10,05,000	-	
Inc.	10,05,000	-	
Investment at fair value through OCI represents investment in unquoted equity shares. These effectives are not held for trading.	equity shares have bee	n designated as	
2. Other financial assets	March 31, 2022	March 31, 2021	
Non-current			
Carried at fair value through profit or loss			
Receivable from related party	-	33,55,143	
Total Non-current financial assets	-	33,55,143	
Current			
Carried at fair value through profit or loss			
Receivable from related party	-	17,44,100	
	-	17,44,100	
Carried at amortised cost			
Unbilled revenue	8,13,889	53,216	
Less: loss allowance on unbilled revenue	(16,278)	-	
	7,97,611	53,216	
Total current financial assets	7,97,611	17,97,316	
Total Current Illiancial assets	7,97,011	11,91,510	
3. Trade receivables	March 31, 2022	March 31, 2021	
Carried at amortised cost	March 31, EULL	171GTCTT 3 1, 202 T	
Current			
Trade receivables - others	29,16,526	17,29,237	
Total trade receivables	29,16,526	17,29,237	
	25/1.0/520	,25,251	



Break-up for security details		
Secured, considered good	-	-
Unsecured, considered good	32,95,648	19,33,955
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
	32,95,648	19,33,955
Impairment allowance		
Secured, considered good	-	-
Unsecured, considered good	(3,79,122)	(2,04,718)
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Trade receivables net of impairment	29,16,526	17,29,237
4. Cash and cash equivalents	March 31, 2022	March 31, 2021
Balances with banks:		
- in current accounts	14,93,805	8,62,660
	14,93,805	8,62,660
5. Other assets	March 31, 2022	March 31, 2021
Current		
Prepaid expenses	67,469	35,492
Advance to suppliers	5,919	5,919



6. Share Capital	Numbers	Amount	
Equity share capital			
i) Authorised share capital			
Equity share capital of \$ 1 each			
As at January 1, 2021	1,00,000	1,00,000	
Increase during the period	-	-	
As at March 31, 2021	1,00,000	1,00,000	
Increase during the period	-	-	
As at March 31, 2022	1,00,000	1,00,000	
ii) Issued, subscribed and fully paid up Equity share capital			
	Numbers	Amount	
Equity share capital of \$ 1 each, fully paid up			
As at January 1, 2021	1,00,000	1,00,000	
Issue during the period	-	-	
As at March 31, 2021	1,00,000	1,00,000	
Issue during the period	-	-	
As at March 31, 2022	1,00,000	1,00,000	
(iii) Details of shareholders holding more than 5% shares in the Cor	прапу: -		
	March 3	March 31, 2021	
	No of Shares	Holding percentage	
Equity share capital of \$ 1 each, fully paid up			
Happiest Minds Technologies Limited	1,00,000	100.00%	

Notes to the Standalone Financial Statements for the year ended March 31, 2022 (All amounts in USD, unless otherwise stated)

	NA l. 24	N4 l. 24
	March 31,	March 31,
	2022	2021
Retained earnings	(43,91,375)	4,80,564
	(43,91,375)	4,80,564
	March 31,	March 31,
	2022	2021
a) Retained earnings		
Opening Balance	4,80,564	4,06,282
Profit/ (loss) for the period	1,89,319	74,282
Write-back of receivables from Parent Company (Refer note 1 below)	(50,61,258)	-
Other comprehensive income recognised directly in retained earnings	-	-
Closing Balance	(43,91,375)	4,80,564

The Parent Company had acquired 100% voting interest in the Company vide definitive agreements signed on January 27, 2021, for a total recorded consideration of US \$ 13.31 million, comprising cash consideration of US \$ 8.25 million and fair-valued contingent consideration in the form of warrants of US \$ 5.06 million (INR 3,696 lakhs) payable over next 3 years. Pursuant to such transaction, the Company had recognized warrant liability payable and a receivable from Parent Company with respect of such warrant issued of US\$ 5.06 million.

During the year ended March 31, 2022, the Company re-evaluated its primary obligation for pay-outs of the warrant liability and concluded that the obligation for the pay-out of the warrant liability lies with the Company and the Parent Company's obligation is restricted to ensure that sufficient cash flows are available with the Company to meet its obligations. Consequently, the receivable from Parent Company with respect of the warrant issued of US \$ 5.06 million has been reversed in the standalone balance sheet of the Company.

### a) Retained earnings:

Retained earnings comprises of prior and current year's undistributed earnings/accumulated losses after tax.

8. Borrowings		
Non-current		
	March 31, 2022	March 31, 2021
Loan from Parent company	30,00,000	-
	30,00,000	-
Loans of 1,000,000 and 2,000,000 given to Happiest Minds Inc. carries repayable after 3 years.	an interest rate of 4.93% p.a and 5.367% p.a.	respectively and is
9. Other financial liabilities		
	March 31, 2022	March 31, 2021
Non-current		
Carried at fair value through profit or loss		
Warrant liability	-	33,55,143
	-	33,55,143
Current		
Carried at fair value through profit or loss		
Warrant liability	36,39,688	17,44,100
	36,39,688	17,44,100
10. Contract liability		
	March 31, 2022	March 31, 2021
Unearned revenue	4,99,693	4,21,882
	4,99,693	4,21,882
11. Trade payables		
Carried at amortised cost		
	March 31, 2022	March 31, 2021
Total outstanding dues to creditors	32,07,479	16,75,206
<u> </u>	32,07,479	16,75,206
	,	
12. Other liabilities	March 31, 2022	March 31, 2021
Current	IVIdICII 3 I, 2022	Watch 31, 2021
Statutory dues payable	-	8,872
	-	8,872

Holding percentage

March 31, 2022

**No of Shares** 

## **Happiest Minds Inc.**

Equity share capital of \$ 1 each, fully paid up			
Happiest Minds Technologies Limited		1,00,000	100.00%
As per the records of the Company, including its register of s regarding beneficial interest, the above shareholding represe		received fror	n shareholders
(v). The Company has not issued any bonus shares or shares immediately preceding the reporting date.	for consideration other than cash during the p	eriod of five	years
13. Revenue from contract with customers			
13. Revenue from contract with customers	For the year ended March 31, 2022	Janua	the period ry 1, 2021 to :h 31, 2021
Sale of service	1,29,52,76	6	26,78,652
	1,29,52,76	6	26,78,652
14. Other income			
Fair value gain on warrant receivable		-	37,985
Miscellaneous income	5	0	-
	5	0	37,985
15. Employee benefits expense			
	For the year ended March 31, 2022	Janua	the period ry 1, 2021 to :h 31, 2021
Salaries, wages and bonus	10,15,70	5	3,10,504
Contribution to funds	41,03	4	=
Staff welfare expenses	2,59	4	-
	10,59,33	3	3,10,504
16. Finance costs			
	For the year ended March 31, 2022	Janua	the period ry 1, 2021 to :h 31, 2021
Interest on borrowings	41,10	1	-
Bank Charges		-	
Unwinding of interest on warrant liability	2,12,95	3	37,985
	2,54,05	4	37,985

7 Other a	

	For the year ended March 31, 2022	For the period January 1, 2021 to March 31, 2021
Subcontractor charges	93,04,721	18,62,889
Rent expenses (Refer note i)	62,452	14,115
Repairs and maintenance	779	-
Advertising and business promotion expenses	2,29,522	43,749
Commission	-	47,362
Communication costs	9,760	392
Insurance	-	3,042
Legal and professional fees	26,598	3,159
Software license cost	3,74,796	83,244
Rates and taxes	578	11,577
Recruitment charges	47,643	11,765
Exchange loss	2,702	-
Travelling and conveyance	1,924	-
Impairment loss allowance on trade receivables	1,90,682	2,04,718
Miscellaneous expenses	42,559	7,854
	1,02,94,716	22,93,866

(i) Rent expense recorded under other expenses are lease rental for short-term leases

#### 18. Exceptional items

	For the year ended March 31, 2022	For the period January 1, 2021 to March 31, 2021
Fair valuation loss on warrant liability	8,27,492	-
	8,27,492	-

The Parent Company had acquired 100% voting interest in the Company vide definitive agreements signed on January 27, 2021, for a total recorded consideration of US \$ 13.31 million, comprising cash consideration of US \$ 8.25 million 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 within the scope of IFRS 9 'Financial Instruments' and was measured at fair value. IFRS 9 mandates that any subsequent changes in such fair value will have to be recognized in the statement of profit and loss. The Company carried out a fair valuation during the year ended March 31,2022 and there was increase in the liability basis increasing expectation of payout. The said increase of US \$ 827,492 has been recognised in the statement of profit and loss and disclosed as 'Exceptional Item'.

### 19. Earnings per share ['EPS']

The following reflects the income and share data used in the basic and diluted EPS computations:

	For the year ended March 31, 2022	For the period January 1, 2021 to March 31, 2021
Profit after tax attributable to equity holders of the Company (a)	1,89,319	74,282
Weighted average number of shares outstanding during the year for basic EPS (b)	1,00,000	1,00,000
Weighted average number of shares outstanding during the year for diluted EPS (c)	1,00,000	1,00,000
Basic earnings per share (in INR) (a/b)	1.89	0.74
Diluted earnings per share (in INR) (a/c)	1.89	0.74

## **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, 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.

For more information, write to business@happiestminds.com



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