

## **HAPPIEST MINDS INC.**

# UNAUDITED STANDALONE FINANCIAL STATEMENTS

**for the period ended  
March 31, 2023**

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## Happiest Minds Inc. (Formerly PGS Inc.)

Standalone Balance Sheet as at 31 March 2023

(All amounts in USD, unless otherwise stated)

	Notes	As at	As at
		March 31, 2023	March 31, 2022
<b>Assets</b>			
<b>Non-current assets</b>			
Other intangible assets	1	4,61,419	-
<b>Financial assets</b>			
i. Investments	2	15,77,248	10,05,000
Deferred tax assets (net)	3	1,59,307	83,034
<b>Total non-current assets</b>		<b>21,97,974</b>	<b>10,88,034</b>
<b>Current assets</b>			
<b>Financial assets</b>			
i. Trade receivables	5	20,51,341	29,16,526
ii. Cash and cash equivalents	6	11,39,189	14,93,805
iii. Other financial assets	4	8,55,810	7,97,611
Other assets	7	12,728	73,388
<b>Total current assets</b>		<b>40,59,068</b>	<b>52,81,330</b>
<b>Total assets</b>		<b>62,57,042</b>	<b>63,69,364</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	8	1,00,000	1,00,000
Other equity	9	(23,34,763)	(43,91,375)
<b>Total equity</b>		<b>(22,34,763)</b>	<b>(42,91,375)</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
i. Borrowings	10	30,00,000	30,00,000
<b>Total non-current liabilities</b>		<b>30,00,000</b>	<b>30,00,000</b>
<b>Current liabilities</b>			
Contract liability	12	4,79,693	4,99,693
<b>Financial liabilities</b>			
i. Trade payables	13	27,85,823	32,07,479
ii. Other financial liabilities	11	19,77,464	36,39,688
Income tax liabilities (net)		2,24,465	3,13,879
Other current liabilities	15	24,360	-
<b>Total current liabilities</b>		<b>54,91,805</b>	<b>76,60,739</b>
<b>Total liabilities</b>		<b>84,91,805</b>	<b>1,06,60,739</b>
<b>Total equity and liabilities</b>		<b>62,57,042</b>	<b>63,69,364</b>
The notes referred to above form an integral part of the Standalone Financial Statements.			

## Happiest Minds Inc. (Formerly PGS Inc.)

Standalone Statement of Profit and Loss for the year ended March 31, 2023

(All amounts in USD, unless otherwise stated)

	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Income</b>			
Revenue from contract with customers	16	1,55,74,143	1,29,52,766
Other income	17	-	50
<b>Total income</b>		<b>1,55,74,143</b>	<b>1,29,52,816</b>
<b>Expenses</b>			
Employee benefits expense	18	6,98,804	10,59,333
Depreciation and amortisation expense	19	53,581	-
Finance cost	20	1,97,626	2,54,054
Other expenses	21	1,07,96,856	1,02,94,716
<b>Total expenses</b>		<b>1,17,46,867</b>	<b>1,16,08,103</b>
<b>Profit before exceptional items and tax</b>		<b>38,27,276</b>	<b>13,44,713</b>
Exceptional Items		7,96,217	8,27,492
<b>Profit before tax</b>		<b>30,31,059</b>	<b>5,17,221</b>
<b>Tax expense</b>			
Current tax		6,22,968	4,10,936
Adjustment of tax relating to earlier periods		-	-
Deferred tax charge/ (credit)		13,555	(83,034)
		6,36,523	3,27,902
<b>Profit for the year</b>		<b>23,94,536</b>	<b>1,89,319</b>
<b>Other comprehensive income (OCI)</b>			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Net loss on equity instruments carried at fair value through OCI		(4,27,752)	-
Income tax effect		89,828	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		(3,37,924)	-
<b>Other comprehensive income for the year, net of tax</b>		<b>(3,37,924)</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>20,56,612</b>	<b>1,89,319</b>
<b>Earnings per equity share</b>			
Basic	22	23.95	1.89
Diluted	22	23.95	1.89
The notes referred to above form an integral part of the Standalone Financial Statements.			

## Happiest Minds Inc. (Formerly PGS Inc.)

Standalone Statement of Changes in Equity for the year ended March 31, 2023

(All amounts in USD, unless otherwise stated)

<b>a) Equity share capital</b>			
<b>For the year ended March 31, 2022</b>			
	<b>No of Shares</b>	<b>Amount</b>	
<b>Equity share capital of \$ 1 each, fully paid up</b>			
<b>As at April 1, 2021</b>	<b>1,00,000</b>	<b>1,00,000</b>	
Issue during the period	-	-	
<b>As at March 31, 2022</b>	<b>1,00,000</b>	<b>1,00,000</b>	
<b>For the year ended March 31, 2023</b>			
	<b>No of Shares</b>	<b>Amount</b>	
<b>Equity share capital of \$ 1 each, fully paid up</b>			
<b>As at April 1, 2022</b>	<b>1,00,000</b>	<b>1,00,000</b>	
Issue during the period	-	-	
<b>As at March 31, 2023</b>	<b>1,00,000</b>	<b>1,00,000</b>	
<b>c) Other equity</b>			
<b>For the year ended March 31, 2023</b>			
	<b>Reserves and Surplus</b>		
	<b>Retained earnings (Note 6)</b>	<b>Equity instrument through OCI (Note 6)</b>	<b>Total</b>
<b>As at April 1, 2022</b>	<b>(43,91,375)</b>	-	<b>(43,91,375)</b>
Profit/ (loss) for the period	23,94,536	-	23,94,536
Other comprehensive income	-	(3,37,924)	(3,37,924)
<b>As at March 31, 2023</b>	<b>(19,96,839)</b>	<b>(3,37,924)</b>	<b>(23,34,763)</b>
<b>For the year ended March 31, 2022</b>			
	<b>Reserves and Surplus</b>		
	<b>Retained earnings (Note 6)</b>	<b>Equity instrument through OCI (Note 6)</b>	<b>Total</b>
<b>As at April 1, 2021</b>	<b>4,80,564</b>	-	<b>4,80,564</b>
Profit/ (loss) for the period	1,89,319	-	1,89,319
Other Adjustments	(50,61,258)	-	(50,61,258)
Other comprehensive income	-	-	-
<b>As at March 31, 2022</b>	<b>(43,91,375)</b>	-	<b>(43,91,375)</b>
The notes referred to above form an integral part of the Standalone Financial Statements.			

## Happiest Minds Inc. (Formerly PGS Inc.)

Standalone Statement of Cash Flows for the year ended March 31, 2023

(All amounts in USD, unless otherwise stated)

		For the period ended March 31, 2023	For the period ended March 31, 2022
<b>Operating activities</b>			
Profit before tax		30,31,059	5,17,221
<b>Adjustments to reconcile profit before tax to net cash flows:</b>			
Depreciation and amortisation expense		53,581	-
Finance cost		1,97,626	2,54,054
Fair value loss on warrant liability		7,96,217	8,27,492
Impairment loss allowance on trade receivables		-	1,90,682
<b>Operating cash flow before working capital changes</b>		<b>40,78,483</b>	<b>17,89,449</b>
<b>Movements in working capital:</b>			
(Increase)/ decrease in trade receivables		8,65,188	(13,77,971)
(Increase)/ decrease in non-financial assets		60,660	(31,977)
(Increase)/ decrease in financial assets		(58,199)	(7,44,395)
Increase/ (decrease) in trade payables		(5,77,726)	15,29,157
Increase/ (decrease) in financial liabilities		(25,00,000)	(25,00,000)
Increase/ (decrease) in contract liabilities		(20,000)	77,811
Increase/ (decrease) in other non-financial liabilities		24,360	(8,872)
		18,72,766	(12,66,798)
Income tax paid		(7,12,382)	(97,057)
<b>Net cash flows from operating activities</b>	<b>(A)</b>	<b>11,60,384</b>	<b>(13,63,855)</b>
<b>Investing activities</b>			
Investment in TECH4TH Solutions Inc.		(10,00,000)	(10,05,000)
Purchase of Intangible assets		(5,15,000)	-
<b>Net cash flows used in investing activities</b>	<b>(B)</b>	<b>(15,15,000)</b>	<b>(10,05,000)</b>
<b>Financing activities</b>			
Loan From Parent company		-	30,00,000
<b>Net cash flows used in financing activities</b>	<b>(C)</b>	<b>-</b>	<b>30,00,000</b>
Net increase in cash and cash equivalents		(3,54,616)	6,31,145
Cash and cash equivalents at the beginning of the year		14,93,805	8,62,660
<b>Cash and cash equivalents at the end of the year</b>		<b>11,39,189</b>	<b>14,93,805</b>
<b>Components of cash and cash equivalents</b>			
<b>Balance with banks</b>			
- on current account		11,39,189	14,93,805
<b>Total cash and cash equivalents</b>		<b>11,39,189</b>	<b>14,93,805</b>
The notes referred to above form an integral part of the Standalone Financial Statements.			

## Happiest Minds Inc. (Formerly PGS Inc.)

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(All amounts in USD, unless otherwise stated)

1 Other intangible assets					
i) Software					
			March 31, 2023	March 31, 2022	
<b>Cost or valuation</b>					
<b>As at April 01</b>			-	-	
Addition			5,15,000	-	
<b>As at March 31</b>			<b>5,15,000</b>	-	
<b>Accumulated Impairment</b>					
<b>As at April 01</b>			-	-	
Charge during the year			53,581	-	
<b>As at March 31</b>			<b>53,581</b>	-	
<b>Net book value as at March 31, 2023</b>			<b>4,61,419</b>	-	
2 Investments					
Non-current					
Carried at fair value through other comprehensive income [FVTOCI] (fully paid)					
			March 31, 2023	March 31, 2022	
<b>Unquoted</b>					
334 (March 31, 2022 : 134) Series A Common Shares of \$ 0.01 par value of TECH4TH Solutions Inc.			15,77,248	10,05,000	
			<b>15,77,248</b>	<b>10,05,000</b>	
Investment at fair value through OCI represents investment in unquoted equity shares. These equity shares have been designated as FVTOCI as they are not held for trading.					
3 Deferred tax assets (net)					
			March 31, 2023	March 31, 2022	
<b>Deferred tax assets (net)</b>			1,59,307	83,034	
			<b>1,59,307</b>	<b>83,034</b>	
		April 01, 2022	Recognised in profit or loss [charge/(credit)]	Recognised in Other comprehensive income #	March 31, 2023
<b>Deferred tax Assets</b>					
Loss allowance on trade receivables		83,034	(13,555)	-	69,479
Equity instrument at FVOCI		-		89,828	89,828
<b>Deferred tax assets (net)</b>		<b>83,034</b>	<b>(13,555)</b>	<b>89,828</b>	<b>1,59,307</b>

		April 01, 2022	Recognised in profit or loss [charge/(credit)]	Recognised in Other comprehensive income #	March 31, 2023
	<b>Deferred tax Assets</b>				
	Loss allowance on trade receivables	-	83,034	-	83,034
	<b>Deferred tax assets (net)</b>	-	<b>83,034</b>	-	<b>83,034</b>
<b>4</b>	<b>Other financial assets</b>				
				<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>Current</b>				
	<b>Carried at amortised cost</b>				
	Security deposit			25,000	-
	Unbilled revenue			8,49,847	8,13,889
				<b>8,74,847</b>	<b>8,13,889</b>
	Less: loss allowance on unbilled revenue			(19,037)	(16,278)
	<b>Total current financial assets</b>			<b>8,55,810</b>	<b>7,97,611</b>
<b>5</b>	<b>Trade receivables</b>				
	<b>Carried at amortised cost</b>				
				<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>Current</b>				
	Trade receivables - others			20,51,341	29,16,526
	<b>Total trade receivables</b>			<b>20,51,341</b>	<b>29,16,526</b>
	<b>Break-up for security details</b>				
	Unsecured, considered good			23,63,157	32,95,648
				<b>23,63,157</b>	<b>32,95,648</b>
	<b>Impairment allowance</b>				
	Unsecured, considered good			(3,11,816)	(3,79,122)
	<b>Trade receivables net of impairment</b>			<b>20,51,341</b>	<b>29,16,526</b>
<b>6</b>	<b>Cash and cash equivalents</b>				
				<b>March 31, 2023</b>	<b>March 31, 2022</b>
	Balances with banks:				
	- in current accounts			11,39,189	14,93,805
				<b>11,39,189</b>	<b>14,93,805</b>
<b>7</b>	<b>Other assets</b>				
				<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>Current</b>				
	Prepaid expenses			6,809	67,469
	Advance to suppliers			5,919	5,919
				<b>12,728</b>	<b>73,388</b>



## Happiest Minds Inc.

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(All amounts in USD, unless otherwise stated)

8 Share Capital					
<b>Equity share capital</b>					
<b>i) Authorised share capital</b>					
			<b>Numbers</b>	<b>Amount</b>	
Equity share capital of \$ 1 each					
<b>As at April 1, 2021</b>			<b>1,00,000</b>	<b>1,00,000</b>	
Increase during the period			-	-	
<b>As at March 31, 2022</b>			<b>1,00,000</b>	<b>1,00,000</b>	
Increase during the period			-	-	
<b>As at March 31, 2023</b>			<b>1,00,000</b>	<b>1,00,000</b>	
<b>ii) Issued, subscribed and fully paid up Equity share capital</b>					
			<b>Numbers</b>	<b>Amount</b>	
Equity share capital of \$ 1 each, fully paid up					
<b>As at April 1, 2021</b>			<b>1,00,000</b>	<b>1,00,000</b>	
Issue during the period			-	-	
<b>As at March 31, 2022</b>			<b>1,00,000</b>	<b>1,00,000</b>	
Issue during the period			-	-	
<b>As at March 31, 2023</b>			<b>1,00,000</b>	<b>1,00,000</b>	
<b>(iii) Details of shareholders holding more than 5% shares in the Company: -</b>					
		<b>March 31, 2023</b>		<b>March 31, 2022</b>	
		<b>No of Shares</b>	<b>Holding percentage</b>	<b>No of Shares</b>	<b>Holding percentage</b>
Equity share capital of \$ 1 each, fully paid up					
<b>Happiest Minds Technologies Limited</b>		<b>1,00,000</b>	<b>100.00%</b>	<b>1,00,000</b>	<b>100.00%</b>
As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal ownership of shares.					
(v). The Company has not issued any bonus shares or shares for consideration other than cash during the period of five years immediately preceding the reporting date.					

## Happiest Minds Inc.

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(All amounts in USD, unless otherwise stated)

<b>9 Other equity</b>			
		<b>March 31, 2023</b>	<b>March 31, 2022</b>
	Retained earnings	(19,96,839)	(43,91,375)
	Equity instrument through Other comprehensive income (OCI)	(3,37,924)	-
		<b>(23,34,763)</b>	<b>(43,91,375)</b>
		<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>a) Retained earnings</b>			
	<b>Opening Balance</b>	<b>(43,91,375)</b>	<b>4,80,564</b>
	Profit/ (loss) for the period	23,94,536	1,89,319
	Other Adjustments	-	(50,61,258)
	Other comprehensive income recognised directly in retained earnings	-	-
	<b>Closing Balance</b>	<b>(19,96,839)</b>	<b>(43,91,375)</b>
<b>b) Equity instrument through OCI</b>			
	<b>Opening balance</b>	-	-
	Additions during the period	(3,37,924)	-
	<b>Closing balance</b>	<b>(3,37,924)</b>	-
<b>a) Retained earnings:</b>			
	Retained earnings comprises of prior and current year's undistributed earnings/accumulated losses after tax.		
<b>b) Equity instrument through OCI</b>			
	The Group has elected to recognise changes in the fair value of certain investments in equity shares in other comprehensive income. These changes are accumulated within the Equity instruments through Other Comprehensive Income within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity shares are derecognised.		

## Happiest Minds Inc.

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(All amounts in USD, unless otherwise stated)

10	<b>Borrowings</b>		
	<b>Non-current</b>		
		<b>March 31, 2023</b>	<b>March 31, 2022</b>
	Loan from Parent company	30,00,000	30,00,000
		<b>30,00,000</b>	<b>30,00,000</b>
11	<b>Other financial liabilities</b>		
		<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>Current</b>		
	<b>Carried at fair value through profit or loss</b>		
	Warrant liability	19,77,461	36,39,688
	Employee benefit payable	3	-
		<b>19,77,464</b>	<b>36,39,688</b>
12	<b>Contract liability</b>		
		<b>March 31, 2023</b>	<b>March 31, 2022</b>
	Unearned revenue	4,79,693	4,99,693
		<b>4,79,693</b>	<b>4,99,693</b>
13	<b>Trade payables</b>		
	<b>Carried at amortised cost</b>		
		<b>March 31, 2023</b>	<b>March 31, 2022</b>
	Total outstanding dues to creditors	27,85,823	32,07,479
		<b>27,85,823</b>	<b>32,07,479</b>
14	<b>Income tax liabilities (net)</b>		
		<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>Current</b>		
	Income tax liabilities (net)	2,24,465	3,13,879
		<b>2,24,465</b>	<b>3,13,879</b>
15	<b>Other liabilities</b>		
		<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>Current</b>		
	Other Liabilities	24,360	-
		<b>24,360</b>	<b>-</b>

## Happiest Minds Inc.

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(All amounts in USD, unless otherwise stated)

<b>16 Revenue from contract with customers</b>			
		<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
	Sale of service	1,55,74,143	1,29,52,766
		<b>1,55,74,143</b>	<b>1,29,52,766</b>
<b>17 Other income</b>			
	Miscellaneous income	-	50
		-	<b>50</b>
<b>18 Employee benefits expense</b>			
		<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
	Salaries, wages and bonus	6,95,562	10,15,705
	Contribution to funds	3,242	41,034
	Staff welfare expenses	-	2,594
		<b>6,98,804</b>	<b>10,59,333</b>
<b>19 Depreciation and amortisation expense</b>			
		<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
	Amortisation of intangible assets - refer note 1	53,581	-
		<b>53,581</b>	-
<b>20 Finance costs</b>			
		<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
	Interest on borrowings from Parent	1,56,070	41,101
	Unwinding of interest in contingent consideration	41,556	2,12,953
		<b>1,97,626</b>	<b>2,54,054</b>

## Happiest Minds Inc.

Notes to the Standalone Financial Statements for the year ended March 31, 2023

(All amounts in USD, unless otherwise stated)

21	Other expenses		
		For the year ended March 31, 2023	For the year ended March 31, 2022
	Subcontractor charges	1,01,40,877	93,04,721
	Rent expenses (Refer note i)	31,005	62,452
	Repairs and maintenance	2,209	779
	Advertising and business promotion expenses	3,36,287	2,29,522
	Commission	15,000	-
	Communication costs	4,238	9,760
	Legal and professional fees	22,250	26,598
	Software license cost	1,33,899	3,74,796
	Rates and taxes	12,174	578
	Recruitment charges	91,870	47,643
	Exchange loss	4,104	2,702
	Travelling and conveyance	1,462	1,924
	Impairment loss allowance on trade receivables	-	1,90,682
	Miscellaneous expenses	1,481	42,559
		<b>1,07,96,856</b>	<b>1,02,94,716</b>
	<b>(i)</b> Rent expense recorded under other expenses are lease rental for short-term leases		
22	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, 2023	For the year ended March 31, 2022
	Profit after tax attributable to equity holders of the Company (a)	23,94,536	1,89,319
	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)	23.95	1.89
	Diluted earnings per share (in INR) (a/c)	23.95	1.89

## 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](mailto:business@happiestminds.com)



[www.happiestminds.com](http://www.happiestminds.com)