

October 17, 2023

Listing Compliance & Legal Regulatory
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001
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: HAPSTMNDS

Dear Sir/Madam,

Sub: Press Release on the financial results of Q2 for FY'24

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed a copy of the Press Release on the financial results of the Company for the quarter and half year ended September 30, 2023.

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



PRESS RELEASE

Happiest Minds reports Industry leading growth of 11.6% y-o-y in constant currency backed by a strong EBITDA margin of 24.4%

EBITDA grew by 11.1% y-o-y to ₹ 105 Crores.

Bengaluru, India, San Jose, California and London, October 17, 2023: Happiest Minds Technologies Limited (NSE:HAPPSTMNDS), a 'Born Digital. Born Agile', digital transformation and IT solutions company, today announced its consolidated results for the second quarter ended September 30, 2023 as approved by its Board of Directors.

Ashok Soota, Executive Chairman, said *"Happiest Minds continues to lead the industry on growth and profitability metrics. We have yet again delivered a quarter of superior performance on all fronts. Separately, I would like to express my gratitude to all Happiest Minds and stakeholders on completing our 12th anniversary.*

We had given revenue growth guidance for the year of 25% without making a distinction between organic and inorganic growth. Based on an assessment of market trends we are revising our revenue growth guidance for the year to 12% on an organic basis. Additional growth, if any, due to acquisition will be over and above this guidance. We retain our EBITDA guidance of 22% to 24% and remain committed to our long-term growth aspiration of becoming a billion-dollar enterprise by 2031.

I am happy to announce a major new organizational and strategic initiative for Happiest Minds. We are starting with immediate effect a Generative AI business unit (GBS) to capitalize on the transformative impact of Generative AI. The existing PES and DBS businesses will get combined into the PDES business unit. There will be no change in IMSS. We will therefore retain 3 BUs: PDES, IMSS and GBS."

Financial highlights

Quarter ended September 30, 2023

- Revenue in constant currency grew by 3.6% q-o-q and 11.6% y-o-y
- Operating Revenues in US\$ stood at \$49.1 million (growth of 3.3% q-o-q; 10.8% y-o-y)
- Total Income of ₹ 42,883 lakhs (growth of 6.0% q-o-q; 19.3% y-o-y)
- EBITDA of ₹ 10,482 lakhs, 24.4% of Total Income (growth of 1.8% q-o-q; 11.1% y-o-y)
- PAT of ₹ 5,846 lakhs (growth of 0.2% q-o-q; de-growth of 1.6% y-o-y)
- Free cash flows of ₹ 10,296 Lakhs
- EPS (diluted) for the quarter of ₹ 3.90

Half year ended September 30, 2023

- Revenue in constant currency grew by 12.7% y-o-y
- Operating Revenues in US\$ stood at \$96.7 million (growth of 11.7% y-o-y)
- Total Income of ₹ 83,336 lakhs (growth of 20.9% y-o-y)
- EBITDA of ₹ 20,781 lakhs, 24.9% of Total Income (growth of 14.1% y-o-y)
- PAT of ₹ 11,679 lakhs (growth of 0.9% y-o-y)
- Free cash flows of ₹ 20,429 Lakhs
- EPS (diluted) for half year of ₹ 7.92

All amounts in ₹ Lakhs unless stated otherwise

| Particulars | | | | | | All amounts in ₹ Lakhs unless stated otherwise | | |
|------------------------------------|---------------|----------|-------------|----------|---------------|--|--------|--------------|
| | Q2 FY 24 | Q1 FY 24 | QoQ | Q2 FY 23 | YoY | HY 24 | HY 23 | YoY |
| Revenues | 40,662 | 39,087 | 4.0% | 35,551 | 14.4% | 79,749 | 68,443 | 16.5% |
| Other Income | 2,221 | 1,366 | - | 382 | - | 3,587 | 486 | - |
| Total Income | 42,883 | 40,453 | 6.0% | 35,933 | 19.3% | 83,336 | 68,929 | 20.9% |
| EBITDA | 10,482 | 10,299 | 1.8% | 9,434 | 11.1% | 20,781 | 18,209 | 14.1% |
| % | 24.4% | 25.5% | | 26.3% | | 24.9% | 26.4% | |
| PBT | 7,912 | 7,868 | 0.6% | 8,011 | (1.2)% | 15,780 | 15,569 | 1.4% |
| % | 18.5% | 19.4% | | 22.3% | | 18.9% | 22.6% | |
| Tax | 2,066 | 2,035 | - | 2,070 | - | 4,101 | 3,994 | - |
| % | 4.8% | 5.0% | | 5.8% | | 4.9% | 5.8% | |
| PAT | 5,846 | 5,833 | 0.2% | 5,941 | (1.6)% | 11,679 | 11,575 | 0.9% |
| % | 13.6% | 14.4% | | 16.5% | | 14.0% | 16.8% | |
| Revenues (\$'000) | 49,121 | 47,566 | 3.3% | 44,347 | 10.8% | 96,687 | 86,571 | 11.7% |
| Growth in Constant Currency | | - | 3.6% | - | 11.6% | - | - | 12.7% |

Venkatraman N, MD & CFO, said "Our results reflect our ability to deliver industry leading performance. Our total Income for the quarter and half year have crossed \$50M and \$100M respectively, while delivering higher than EBITDA guidance for the fourteenth quarter in a row. Pertinent to note is that our results incorporate above industry-average pay increases, payment of variable pay, and strong net people additions, all areas where we have seen divergence in approach taken by other industry participants. In line with our progressive dividend policy the Board has approved an Interim dividend of ₹2.50 per equity share."

Joseph Anantharaju, Executive Vice Chairman, said "I am extremely pleased to share another period of sustained growth with quality execution and delivery. The quarter saw significant operational improvements with utilization increasing while attrition continued to drop to 14.4% on a trailing twelve months basis. Our customers continue to trust us with their digital transformation initiatives based on our expertise in core and disruptive technologies like cloud, data, analytics, AI, DevOps, and Computer vision. We continued to make progress on our GenAI strategy engaging with multiple customers in formulating and implementing their GenAI roadmap with a dedicated trained team of GenAI experts."

Clients:

- 244 as of September 30, 2023
- 7 additions in the quarter

Our People - Happiest Minds:

- 5,285 Happiest Minds as of September 30, 2023 (net addition for the quarter 237)
- Trailing 12 months attrition of 14.4% (16.6% in the previous quarter)
- Utilization of 75.6%, from 74.6% in last quarter

Q2 FY24 Key Project Wins:

- For a **large and global online retailer and hyperscaler**, Happiest Minds was chosen to design interactive user interfaces and to provide automation services for their IoT division
- For a **global fabless semiconductor company** specializing in 5G and cellular networks, Happiest Minds was chosen to provide ASIC Design & Verification services
- For a **large utilities company** in the United States, this new win entails Happiest Minds to be a key partner for providing data engineering and governance services
- For a **multibillion-dollar enterprise in the energy distribution sector**, Happiest Minds was chosen to transform their document management systems for automated retention, intelligent search and faster retrieval next generation digital platforms
- For an **industrial internet platforms provider** specializing in AI, IoT, and big data technologies, this new win entails Happiest Minds to build their data platform for their farm-to-table process
- For a **US based networking services company**, Happiest Minds was chosen to transform their service delivery platform to drive user experience and end user outcomes
- For a **leading warehouse club operator** in the United States, Happiest Minds is engaged in providing security assessment services which includes threat modelling and application Security
- For a **large Australian consumer durables retailer**, Happiest Minds is engaged in providing business intelligence and data visualization services
- For a **large ANZ based retail property group**, Happiest Minds is engaged in delivering performance testing & vulnerability assessment
- For a **Southeast Asian Bottling company**, Happiest Minds is engaged in setting up their automation Center of Excellence leveraging Microsoft Power Platform

Award Wins:

- Happiest Minds' work for **DoubleVerify** has been recognized by ISG as **Standout** in the **2022 Digital Case Study Awards**
- Happiest Minds is recognized among '**Top 50 India's Best Workplaces for Women™ 2023**' by Great Place To Work® Institute
- Happiest Minds was awarded as '**Cybersecurity Champion of the Year**' at 100 CISO Forum – Summit & Awards 2023, Dubai
- Happiest Minds won '**IBM THINK Partner Excellence Award (Top Partner)**' Trailblazers of 2023

Analyst Mentions

- Happiest Minds is '**Top 5 Challenger**' in Engineering Services 2023 - Everest
- Happiest Minds is '**Challenger**' in EUCS Services 2023 - Avasant
- Happiest Minds is '**Aspirant**' in IAM Services 2023 - Everest
- Happiest Minds is among '**Inspiring Firms in AI & Analytics**' at the 3AI Generative AI Conclave

Announcements :

- The Board of Directors of the Company at their meeting held on October 17, 2023 has recommended an interim dividend of ₹ 2.50 per equity share of face value ₹ 2/- for the financial year 2023-24. Record date for the purpose of interim dividend has been fixed on October 30, 2023, and the dividend will be paid on and after November 13, 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. The company has been recognized for its excellence in Corporate Governance practices by Golden Peacock and ICSI. 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:

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