Twitter Thread by JST Investments



JST Investments
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Happiest Minds FY21 Annual Report Takeaways.

'Investing in next-generation digital technologies like Blockchain, Robotics & Drones, and VR/AR.'

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A Thread ■■

1/ Happiest Minds completes its 10 years of business: They have 13Kcrs in just a short span of time ■

Starts with the COVID 2.0 impact on the company: 8% of the team was tested +ve by 17th May, 26% of which were hospitalized.

Led to the terrible loss of 5 young men.

2/ Coming to the wins:

- Employee culture has been the biggest investment as per the chairman Mr. Ashok Soota
- Customer retention: One CFO has been a customer with the 3 companies he worked with (Power of ■relationships)
- Invested in all new technologies including next gen.

3/ Did you know? IP-led services (High margin & High operating leverage) account for 10% of their revenues.

Restructured the three business units (PES, DBS, IMSS) such that each caters to their specific high potential industries ■

4/ Talks about their Vision 2021-2031: How most businesses survive less than a half-lifetime of humans

This wouldn't be the case for Happiest minds as it is being 'designed for perpetuity': addressed succession risks

Guidance: 20% organic growth+ Lower PAT due to higher tax

5/ Company in numbers:

12% Rev growth YoY, 27% EBITDA margin
Strong Cashflows

80% Employee utilization & 12% utilisation
3228 employees (added 562 in FY21)

Active customers of 173 (46 of which are Billion $ corps) | 87% repeat business

Promoter Holding of 53% ■

6/ Enterprises in a post-pandemic world will align themselves along 3 technology themes:

- People Centricity: Behavioral patterns
- Location Independence: distributed cloud, cybersecurity.
- Resilient Delivery: AI engineering, Hyper Automation

97% of revenues from digital ■■■

7/ Their offerings in brief & the Industries they serve: Edutech, Hitech & BFSI contribute 60% of revenue.

Client concentration risk remains: Top 5 contribute a third of the revenues.

8/ Not just saying Happiest employees for the sake of it: Glassdoor rating of 4.3

Competitive advantage: Avg Age of our active Full-time members is 32 years.

Perks to the employees are innumerous (included mindfulness training ■)

9/ M&A activity: Acquiring capabilities

Acquired Pimcore Global Services, USA-based digital e-commerce, and data management solutions company for US $8.25 million cash.

Highly value accretive as the acquisition happened at less than 0.8 times sales & HM trades at 17x sales.

10/ Finally, Risks being monitored (+60% of the noncurrent assets are intangible: common in next-gen IT cos.)

A company to watch out for in the next generation of IT leaders.

End of Thread.