

# Happiest Minds Technologies Ltd.

**ACCUMULATE**

Sector: IT Services

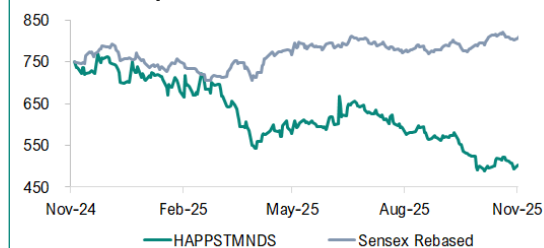
17<sup>th</sup> November, 2025

Key Changes	Target	Rating	Earnings	Target	Rs. 599
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Small Cap	HAPPSTMN:IN	84,563	HAPPSTMNDS	543227	12 Months
				<b>CMP</b>	<b>Rs. 505</b>
				<b>Return</b>	<b>+19%</b>

Data as of: 14-Nov-2025, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	7,691		
52 Week High — Low (Rs.)	787 - 487		
Enterprise Value (Rs. cr)	8,030		
Outstanding Shares (cr)	15.2		
Free Float (%)	53.7		
Dividend Yield (%)	1.7		
6m average volume (cr)	0.1		
Beta	0.8		
Face value (Rs. )	2.0		
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	44.2	44.2	44.2
FII's	5.0	5.3	5.4
MFs/Institutions	10.6	10.6	10.2
Public	36.2	35.7	36.0
Others	3.9	4.2	4.2
Total	100.0	100.0	100.0
Promoter Pledge	1.8	1.8	1.8
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-13.2%	-15.0%	-31.3%
Absolute Sensex	4.9%	4.0%	9.0%
Relative Return	-18.1%	-19.0%	-40.3%

\*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	2,061	2,342	2,744
Growth (%)	26.8	13.7	17.1
EBITDA	354	422	521
EBITDA Margin (%)	17.2	18.0	19.0
PAT Adjusted	197	250	326
Growth (%)	-16.0	26.9	30.3
Adjusted EPS	12.9	16.4	21.4
Growth (%)	-16.0	26.9	30.3
P/E	46.1	30.8	23.6
P/B	5.8	4.4	3.8
EV/EBITDA	25.9	18.6	15.0
ROE (%)	11.7	14.1	16.0
D/E	0.7	0.7	0.7

## Steady Growth Momentum Continues

Happiest Minds Technologies Ltd provides digital transformation and technology services to the automotive, banking, financial services and insurance (BFSI), consumer packaged goods, e-commerce, edtech, engineering research and development, hi-tech, manufacturing, retail, and travel, transportation and hospitality sectors.

- Q2FY26 consolidated revenue experienced a 10.0% YoY increase, amounting to Rs. 574cr, This was primarily driven by strong performance in the Generative AI Business Unit and expansion of Net-New accounts.
- The Product and Digital Engineering Services business (PDES) grew 6.9% YoY to Rs. 465cr in Q2FY26, contributing 81.0% to the total revenue.
- The BFSI segment revenue rose, with its contribution to the total revenue increasing to 25.3% in Q2FY26 from 22.5% in Q2FY25.
- During the quarter, the average revenue per active customer rose to USD 906,000 from USD 842,000 in Q2FY25.
- EBITDA grew 7.5% YoY to Rs. 99cr, driven by a higher topline. However, the EBITDA margin dropped 40bps YoY to 17.2%. The higher EBITDA led to a 9.1% YoY rise in PAT to Rs. 54cr.

## Outlook & Valuation

Happiest Minds is expected to sustain double-digit revenue growth over the next three to four years, supported by steady execution and resilient margins. The Generative AI Business Services (GBS) and Net New (NN) unit continue to scale well, driving strong client additions and deeper artificial intelligence (AI)-led engagements. Growth visibility remains healthy across key verticals, with BFSI poised for recovery and healthcare gaining traction owing to modernisation and AI-driven programmes. Strategic investments in talent, vertical depth and sales capabilities are enhancing scalability and operational efficiency. Although selling, general and administrative expenses remain elevated due to ongoing investments in growth initiatives, they are expected to normalise gradually as operating leverage improves. Considering these factors, **we retain our rating on the stock as ACCUMULATE, with a revised target price of Rs. 599, based on 28x FY27E adjusted earnings per share.**

## Quarterly Finance Consolidated

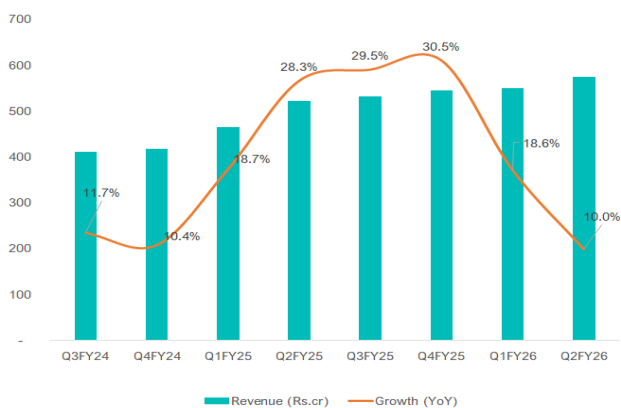
Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	574	522	10.0	550	4.3	1,123	985	14.0
EBITDA	99	92	7.5	94	4.9	193	177	9.1
Margin (%)	17.2	17.6	-40bps	17.1	10bps	17.1	17.9	-80bps
EBIT	76	69	11.3	72	6.7	148	131	12.7
PBT	73	68	7.3	77	-5.5	150	136	9.8
Rep. PAT	54	50	9.1	57	-5.4	111	101	10.5
Adj PAT	54	50	9.1	57	-5.4	111	101	10.5
Adj. EPS (Rs)	3.5	3.3	9.1	3.8	-5.4	7.3	6.6	10.5



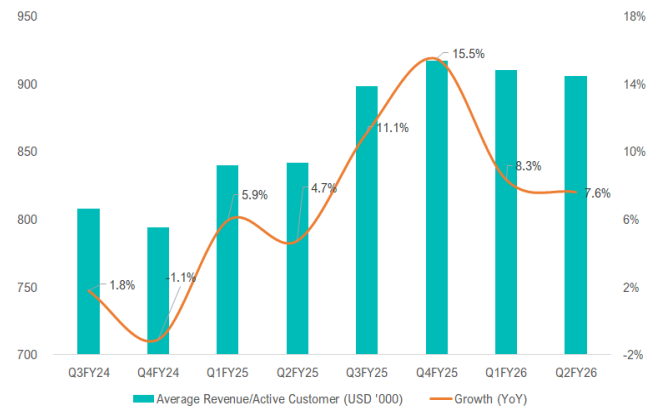
## Key concall and other highlights

- Growth in generative and agentic AI, along with a strong pipeline from GBS and NN, has led to an upward revision in the growth commitment from three to four consecutive years of double-digit revenue growth, now expected to continue through FY28.
- On Pricing and AI Productivity, the company is commanding a 20% to 25% pricing premium on its GenAI-based projects compared to its standard rate card. In traditional fixed-price projects, Happiest Minds proactively uses AI to enhance productivity.
- The company has achieved a significant milestone in utilisation, with a company-wide utilisation rate of 80.7%, marking the highest level in the past three years and a notable increase from 78.9% in Q1. Notably, the GBS segment has demonstrated a sharp improvement in utilisation, from 40.8% to ~62%, showcasing enhanced scale and operational leverage.
- In H1, the company added 30 new clients, generating \$9M in revenue with a projected \$50–60M potential over three years; half have already expanded into multiple initiatives, reflecting strong early traction.
- As of Q2FY26, the company's employee headcount reached 6,554, from 6,523 in Q1FY26, with a notable decline in attrition rate of 80 basis points QoQ to 17.4%.

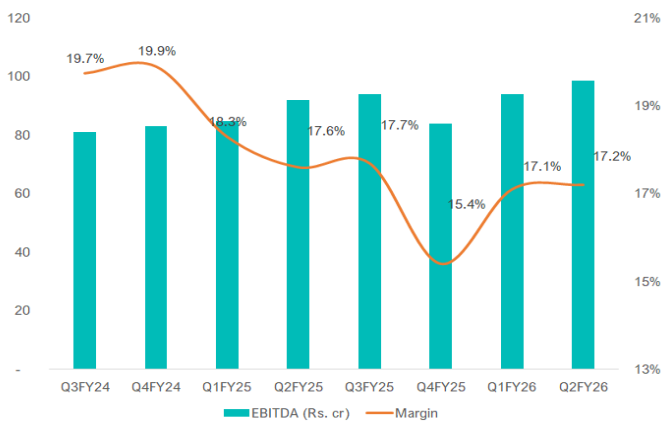
### Revenue



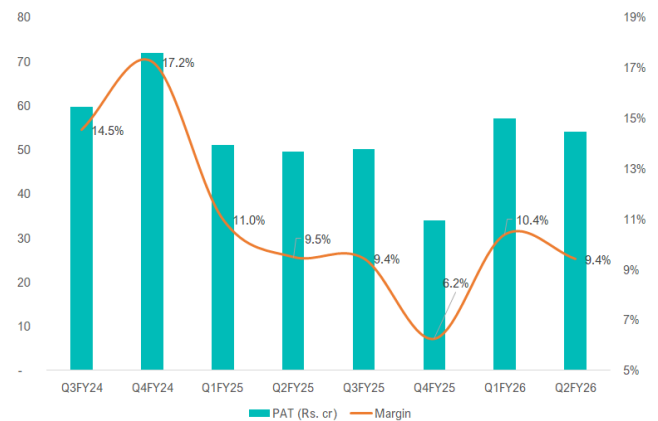
### Avg. Revenue / Active Customer



### EBITDA



### PAT



## Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	2,342	2,744	2,342	2,744	0.0	0.0
EBITDA	458	549	422	521	-7.9	-5.0
Margins (%)	19.6	20.0	18.0	19.0	-160bps	-100bps
Adj. PAT	284	358	250	326	-12.1	-9.1
EPS	18.7	23.5	16.4	21.4	-12.1	-9.1



## Consolidated Financials

### Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Sales</b>	<b>1,429</b>	<b>1,625</b>	<b>2,061</b>	<b>2,342</b>	<b>2,744</b>
% change	30.7	13.7	26.8	13.7	17.1
<b>EBITDA</b>	<b>359</b>	<b>336</b>	<b>354</b>	<b>422</b>	<b>521</b>
% change	39.3	-6.4	5.5	19.0	23.7
Depreciation	42	58	89	99	102
<b>EBIT</b>	<b>317</b>	<b>278</b>	<b>266</b>	<b>323</b>	<b>419</b>
Interest	22	42	99	103	113
Other Income	15	99	89	106	119
<b>PBT</b>	<b>310</b>	<b>335</b>	<b>255</b>	<b>327</b>	<b>426</b>
% change	26.0	8.0	-23.7	27.8	30.3
Tax	79	86	71	77	100
Tax Rate (%)	25.5	25.8	27.7	23.5	23.5
<b>Reported PAT</b>	<b>231</b>	<b>248</b>	<b>185</b>	<b>250</b>	<b>326</b>
<b>PAT att. to common shareholders</b>	<b>231</b>	<b>248</b>	<b>185</b>	<b>250</b>	<b>326</b>
Adj.*	6	-14	12	-	-
<b>Adj. PAT</b>	<b>237</b>	<b>234</b>	<b>197</b>	<b>250</b>	<b>326</b>
% change	26.7	-1.2	-16.0	26.9	30.3
No. of shares (cr)	14.7	15.2	15.2	15.2	15.2
<b>Adj EPS (Rs.)</b>	<b>16.2</b>	<b>15.4</b>	<b>12.9</b>	<b>16.4</b>	<b>21.4</b>
% change	26.7	-4.8	-16.0	26.9	30.3
DPS (Rs.)	3.4	3.3	3.5	3.7	4.3

### Cash Flow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Net inc. + Depn.</b>	<b>273</b>	<b>307</b>	<b>273</b>	<b>349</b>	<b>428</b>
Non-cash adj.	-39	-57	-25	97	105
Other adjustments	-	-	-	-	-
Changes in W.C	-27	-37	-12	-15	-34
<b>C.F. Operation</b>	<b>207</b>	<b>213</b>	<b>236</b>	<b>430</b>	<b>499</b>
Capital exp.	-139	-10	-11	-113	-122
Change in inv.	-216	-528	-838	-201	-156
Other invest.CF	4	72	87	-103	-113
<b>C.F - Investment</b>	<b>-351</b>	<b>-466</b>	<b>-762</b>	<b>-417</b>	<b>-392</b>
Issue of equity	1	487	2	-	-
Issue/repay debt	189	40	765	110	100
Dividends paid	-57	-86	-86	-56	-65
Other finance.CF	-61	-77	-182	-	-
<b>C.F - Finance</b>	<b>72</b>	<b>363</b>	<b>499</b>	<b>54</b>	<b>35</b>
Chg. in cash	-72	110	-26	66	142
<b>Closing Cash</b>	<b>692</b>	<b>1,337</b>	<b>1,058</b>	<b>1,125</b>	<b>1,267</b>

### Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	692	1,337	1,058	1,125	1,267
Accts. Receivable	213	254	358	386	439
Inventories	-	-	-	-	-
Other Cur. Assets	168	187	585	792	961
Investments	13	-	-	5	6
<b>Gross Fixed As-sets</b>	<b>197</b>	<b>206</b>	<b>217</b>	<b>330</b>	<b>452</b>
Net Fixed Assets	191	195	211	187	167
CWIP	2	-	-	-	-
Intangible Assets	242	218	1,001	1,039	1,079
Def. Tax -Net	12	16	36	37	38
Other Assets	108	40	111	111	111
<b>Total Assets</b>	<b>1,641</b>	<b>2,248</b>	<b>3,359</b>	<b>3,682</b>	<b>4,067</b>
Current Liabilities	222	229	382	396	414
Provisions	25	33	59	65	72
Debt Funds	468	442	1,161	1,271	1,371
Other Liabilities	88	63	182	182	182
Equity Capital	29	30	30	30	30
Res. & Surplus	810	1,450	1,545	1,738	1,999
<b>Shareholder Funds</b>	<b>839</b>	<b>1,480</b>	<b>1,575</b>	<b>1,768</b>	<b>2,029</b>
Minority Interest	-	-	-	-	-
<b>Total Liabilities</b>	<b>1,641</b>	<b>2,248</b>	<b>3,359</b>	<b>3,682</b>	<b>4,067</b>
BVPS	57	97	103	116	133

### Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	25.1	20.7	17.2	18.0	19.0
EBIT margin (%)	22.2	17.1	12.9	13.8	15.3
Net profit mgn. (%)	16.2	15.3	9.0	10.7	11.9
ROE (%)	27.5	16.8	11.7	14.1	16.0
ROCE (%)	24.3	14.4	9.7	10.6	12.3
<b>W.C &amp; Liquidity</b>					
Receivables (days)	53.7	56.4	62.6	59.4	57.6
Inventory (days)	-	-	-	-	-
Payables (days)	-	-	-	-	-
Current ratio (x)	1.9	3.1	1.7	1.7	1.9
Quick ratio (x)	1.6	2.8	1.5	1.5	1.6
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	11.2	8.1	9.8	8.6	7.0
Total asset T.O (x)	1.0	0.8	0.7	0.7	0.7
Int. covge. ratio (x)	14.5	6.6	2.7	3.1	3.7
Adj. debt/equity (x)	0.6	0.3	0.7	0.7	0.7
<b>Valuation</b>					
EV/Sales (x)	7.7	6.4	4.5	3.3	2.8
EV/EBITDA (x)	30.8	31.1	25.9	18.6	15.0
P/E (x)	47.5	48.3	46.1	30.8	23.6
P/BV (x)	13.4	7.7	5.8	4.4	3.8



## Recommendation Summary (Last 3 years)



Dates	Rating	Target
12-May-23	HOLD	907
17-Aug-23	SELL	800
15-May-24	HOLD	872
11-Mar-25	HOLD	756
22-Aug-25	ACCUMULATE	682
17-Nov-25	ACCUMULATE	599

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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