

Retail Equity Research



Happiest Minds Technologies Ltd

ACCUMULATE

Sector: IT Services

22nd August, 2025

Key Changes	Target	Rating	Earnings	Target	Rs. 682
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Mid Cap	HAPPSTMN:IN	82,001	HAPPSTMNDS	543227	12 Months
				CMP	Rs. 598
				Return	+14%

Data as of: 21-August-2025, 18:00 hrs

Company Data	
Market Cap (Rs.cr)	9,098
52 Week High — Low (Rs.)	832 - 525
Enterprise Value (Rs. cr)	9,287
Outstanding Shares (cr)	15.2
Free Float (%)	53.6
Dividend Yield (%)	1.0
6m average volume (cr)	0.1
Beta	0.7
Face value (Rs.)	2.0

Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	44.2	44.2	44.2
FII's	5.3	5.0	5.3
MFs/Institutions	6.1	10.6	10.6
Public	37.7	36.2	35.7
Others	6.7	3.9	4.2
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	0.1%	-15.5%	-25.9%
Absolute Sensex	0.6%	3.1%	0.0%
Relative Return	-0.5%	-18.6%	-25.9%

*over or under performance to benchmark index



Y.E March (Rs cr)	FY25A	FY26E	FY27E
Sales	2,061	2,342	2,744
Growth (%)	26.8	13.7	17.1
EBITDA	354	458	549
EBITDA Margin (%)	17.2	19.6	20.0
PAT Adjusted	197	284	358
Growth (%)	-16.0	44.4	26.0
Adjusted EPS	12.9	18.7	23.5
Growth (%)	-16.0	44.4	26.0
P/E	46.1	32.0	25.4
P/B	5.8	5.1	4.4
EV/EBITDA	25.9	19.9	16.3
ROE (%)	11.7	15.8	17.3
D/E	0.7	0.7	0.7

Revenue 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.

- In Q1FY26, the company's consolidated revenue grew 18.6% YoY to Rs. 550cr, driven by strong demand for digital transformation and artificial intelligence-led services.
- The BFSI segment's revenue rose, accounting for 26.2% of total revenue, largely driven by the recently acquired Arttha banking platform. For the current fiscal, the company expects Arttha's revenue to rise 20-25% and be a key growth driver.
- The healthcare sector contributed 15.5% to total revenue. The application of generative artificial intelligence (GenAI) to various projects enabled the company to acquire new customers and build a healthy pipeline in this space, which is expected to lead to an increase in the segment's contribution going forward.
- EBITDA rose 10.8% YoY to Rs.94cr but EBITDA margin contracted 120bps YoY to 17.1%, owing to significant rise in employees benefits expenses. Reported profit after tax increased 12.0% YoY to Rs. 57cr, led by higher revenue.

Outlook & Valuation

The company has shown impressive YoY revenue growth and improving profitability and margin, particularly aided by the BFSI and healthcare sectors. With expectations of double-digit revenue growth and EBITDA margin between 20-22% in the future, the company's prospects are bright. New transformational initiatives and investments in the GenAI business unit are expected to boost profitability. Additionally, the company's strong performance in the BFSI and healthcare segments, driven by new client acquisitions and a healthy pipeline, will likely contribute to its growth story. Given these positive developments and with a long-term perspective, **we upgrade our rating on the stock to ACCUMULATE with a revised target price of Rs. 682, based on 29x FY27E adjusted earnings per share.**

Quarterly Finance Consolidated

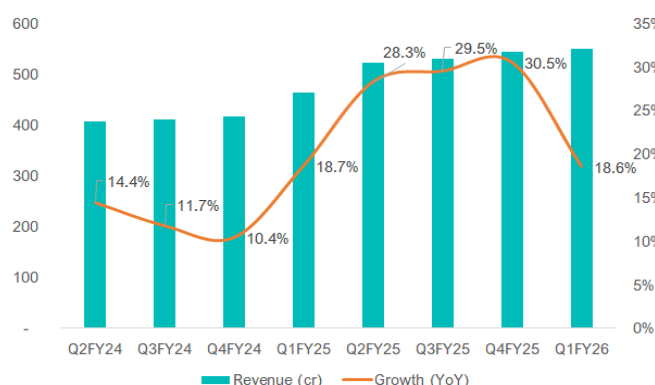
Rs.cr	Q1FY26	Q1FY25	YoY Growth (%)	Q4FY25	QoQ Growth (%)
Sales	550	464	18.6	545	1.0
EBITDA	94	85	10.8	84	12.1
Margin (%)	17.1	18.3	-120bps	15.4	170bps
EBIT	72	63	14.1	61	16.8
PBT	77	68	12.4	50	52.6
Rep. PAT	57	51	12.0	34	68.0
Adj PAT	57	51	12.0	46	23.8
Adj. EPS (Rs)	3.8	3.4	12.0	3.0	23.8



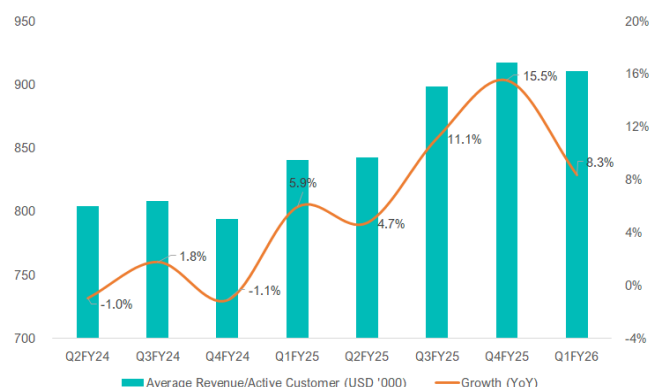
Key concall highlights

- The company expects to deliver double-digit growth over a three-year cycle that began last year and will carry through FY27.
- EBITDA margin is expected to be between 20% and 22%.
- The company has launched 10 transformational initiatives, which are now taking root and delivering results.
- The company's annual flagship tech event, Blitz 2025, was successful and many of the solutions and concepts showcased there hold huge potential for growth.
- New initiatives such as the GenAI business unit and net new sales unit are showing promise, with the company investing in these areas to drive growth.
- Healthcare is the company's third-largest vertical and is gaining strong momentum with the company working on a revolutionary healthcare product built on bioinformatics capabilities.
- The company has seen an increase in million-dollar clients from 57 to 59 and has added one \$10 million-plus customer and one \$3-5 million customer.

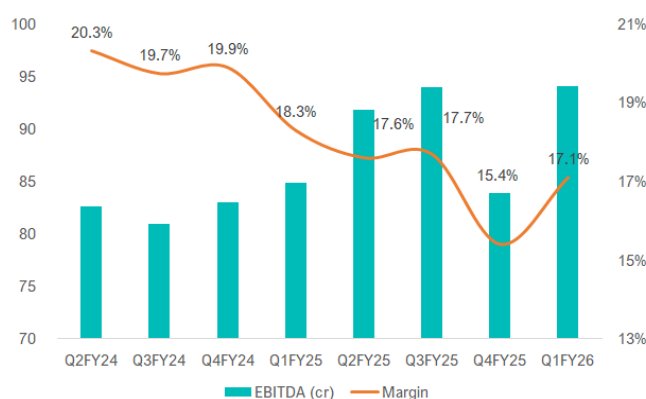
Revenue



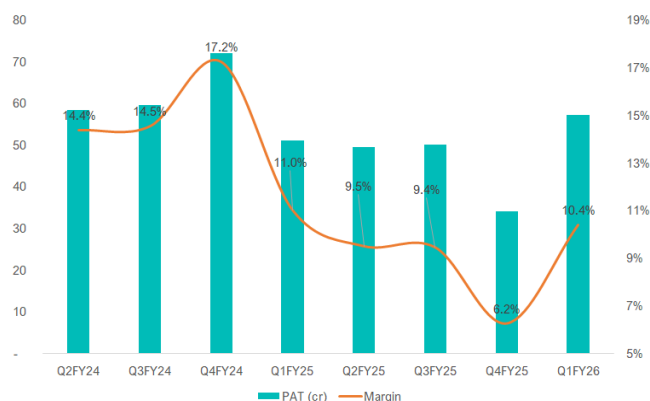
Avg. Revenue / Active Customer



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates		Change -%	
Year / Rs cr	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	2,425	2,813	2,342	2,744	-3.4	-2.5
EBITDA	487	582	458	549	-6.1	-5.8
Margins (%)	20.1	20.7	19.6	20.0	-50bps	-70bps
Adj. PAT	308	384	284	358	-7.7	-6.7
EPS	20.2	25.2	18.7	23.5	-7.7	-6.7



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	1,429	1,625	2,061	2,342	2,744
% change	30.7	13.7	26.8	13.7	17.1
EBITDA	359	336	354	458	549
% change	39.3	-6.4	5.5	29.2	19.8
Depreciation	42	58	89	108	119
EBIT	317	278	266	350	430
Interest	22	42	99	103	113
Other Income	15	99	89	122	148
PBT	310	335	255	369	465
% change	26.0	8.0	-23.7	44.5	26.0
Tax	79	86	71	85	107
Tax Rate (%)	25.5	25.8	27.7	23.0	23.0
Reported PAT	231	248	185	284	358
PAT att. to common shareholder-	231	248	185	284	358
Adj.*	6	-14	12	-	-
Adj. PAT	237	234	197	284	358
% change	26.7	-1.2	-16.0	44.4	26.0
No. of shares (cr)	14.7	15.2	15.2	15.2	15.2
Adj EPS (Rs.)	16.2	15.4	12.9	18.7	23.5
% change	26.7	-4.8	-16.0	44.4	26.0
DPS (Rs.)	3.4	3.3	3.5	4.3	5.2

Cash Flow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	273	307	273	392	477
Non-cash adj.	-39	-57	-25	91	99
Other adjustments					
Changes in W.C	-27	-37	-12	-17	-33
C.F. Operation	207	213	236	465	542
Capital exp.	-139	-10	-11	-155	-177
Change in inv.	-216	-528	-838	-33	-32
Other invest.CF	4	72	87	-103	-113
C.F - Investment	-351	-466	-762	-291	-322
Issue of equity	1	487	2	-	-
Issue/repay debt	189	40	765	110	100
Dividends paid	-57	-86	-86	-65	-79
Other finance.CF	-61	-77	-182	-	-
C.F - Finance	72	363	499	45	21
Chg. in cash	-72	110	-26	219	241
Closing Cash	692	1,337	1,058	1,277	1,518

Balance Sheet

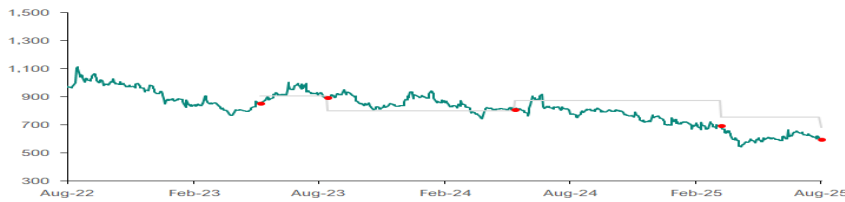
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	692	1,337	1,058	1,277	1,518
Accts. Receivable	213	254	358	386	439
Inventories	-	-	-	-	-
Other Cur. Assets	168	187	585	624	669
Investments	13	-	-	5	6
Gross Fixed As-sets	197	206	217	372	549
Net Fixed Assets	191	195	211	220	238
CWIP	2	-	-	-	-
Intangible Assets	242	218	1,001	1,039	1,079
Def. Tax -Net	12	16	36	37	38
Other Assets	108	40	111	111	111
Total Assets	1,641	2,248	3,359	3,699	4,097
Current Liabilities	222	229	382	393	412
Provisions	25	33	59	59	59
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	1,763	2,043
Shareholder Funds	839	1,480	1,575	1,793	2,073
Minority Interest	-	-	-	-	-
Total Liabilities	1,641	2,248	3,359	3,699	4,097
BVPS	57	97	103	118	136

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	25.1	20.7	17.2	19.6	20.0
EBIT margin (%)	22.2	17.1	12.9	14.9	15.7
Net profit mgn.(%)	16.2	15.3	9.0	12.1	13.1
ROE (%)	27.5	16.8	11.7	15.8	17.3
ROCE (%)	24.3	14.4	9.7	11.4	12.5
W.C & Liquidity					
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	1.8
Quick ratio (x)	1.6	2.8	1.5	1.5	1.6
Turnover & Leverage					
Gross asset T.O (x)	11.2	8.1	9.8	8.0	6.0
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	3.4	3.8
Adj. debt/equity (x)	0.6	0.3	0.7	0.7	0.7
Valuation					
EV/Sales (x)	7.7	6.4	4.5	3.9	3.3
EV/EBITDA (x)	30.8	31.1	25.9	19.9	16.3
P/E (x)	47.5	48.3	46.1	32.0	25.4
P/BV (x)	13.4	7.7	5.8	5.1	4.4



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

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.

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

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