Happiest Minds Technologies Limited

December 22, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	412.98 (Reduced from 437.00)	CARE AA-; Stable	Reaffirmed
Long-term / Short-term bank facilities	390.00 (Enhanced from 315.00)	CARE AA-; Stable / CARE A1+	Reaffirmed
Short-term bank facilities	5.00	CARE A1+	Assigned
Non-convertible debentures	80.00 (Reduced from 125.00)	CARE AA-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of ratings assigned to the bank facilities and instruments of Happiest Minds Technologies Limited (HMTL) takes into consideration the steady improvement in the scale of operations and healthy profitability margins aided by experience of the management in scaling up the business. The ratings also factor consistent addition of high-value customers, services offered in the futuristic domain like Internet of Things (IOT), digital services, and information security. The ratings further derive comfort from the strong promoter group backed by Ashok Soota, who has been the veteran of the IT industry and has multi-decade experience.

In FY25, the company reported total operating income (TOI) of ₹2,060 crore, with the acquisitions materially contributing to the revenue growth. While the topline expanded, organic growth remained subdued due to broader industry headwinds, resulting in acquisitions driving a significant portion of the incremental revenue during the year. During the year, the company also undertook transformational initiatives by establishing a Net New Sales team, creating new business unit (Gen AI), and hiring industry leaders to strengthen its growth trajectory. CARE Ratings Limited (CareEdge Ratings) notes that initiatives such as setting up the Net New Sales team, forming six industry groups—each led by an industry manager—and creating a dedicated GenAI business unit are expected to support additional growth over the next couple of financial years.

In FY25, HMTL acquired PureSoftware Technologies Private Limited, Macmillan Learning India Private Limited, Aureus Tech Systems LLC, and Middle East Business of GAVS Technologies. The first three acquisitions has enhanced HMTL position in the BFSI, healthcare and life sciences verticals. The main focus of the company is on expanding these companies banking-as-a-service platform, in key markets such as India and the Philippines. The total cost of acquisition includes upfront payment of ~₹712 crore and deferred payment of ₹103 crore (payable by FY26) Acquisition of Middle East Business of GAVS Technologies for ~₹15 crore in February 2025 was done more for regional expansion in the Middle East.

In H1FY26, 10 million dollar or above customers have been added to the existing clientele. There are 58 million dollar customers as on September 30, 2025, with 93% repeat business.

Ratings further take into consideration the strong financial risk profile of the company marked by comfortable debt protection metrics and superior liquidity position. The overall gearing though has moderated to 0.83x as on March 31, 2025 due to debt-funded acquisition, remains comfortable below unity along with a healthy interest cover above 3x. CareEdge Ratings further draws comfort from the superior liquidity position with cash and cash equivalents (including margin money) of ~₹1,404 crore as on September 30, 2025.

HMTL continues to face intense competition from other prominent IT players amid disruptive technology changes which requires the company to continue to make acquisitions to improve upon technological abilities and nurture new revenue streams. The company is exposed to risks associated with forex movements, economic cyclicality, and regulatory challenges in geographies of significant presence. Any large or sizeable debt-funded acquisitions remain key monitorable.

CareEdge Ratings notes that HMTL has repaid the non-convertible debenture (NCD) (ISIN – INE419U08017) issue in full and there is no outstanding under the issue as on date. Taking cognisance of this, CareEdge Ratings has withdrawn the rating for HMTL's said NCD issue with immediate effect.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant increase in the scale of operations, supported by stable profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins of more than 20%.
- Maintaining sizeable liquidity with cash and cash equivalents of more than ₹500 crore even after dividend payout and organic/inorganic business expansion.

Negative factors

- Deterioration in Net debt/ PBILDT beyond 1.00x.
- Slow-down in key verticals leading to significant pressure on the income and declining PBILDT margin of less than 12% on a sustained basis.

Analytical approach: Consolidated. Considering the strong operational linkages with HMTL and its subsidiaries, CareEdge Ratings has adopted a consolidated approach. Consolidated entities are mentioned in Annexure-6.

Outlook: Stable

The stable outlook reflects the growth in customer base and high value clients while maintaining a strong profitability margins and comfortable debt coverage metrics. The outlook is further supported by the transformational initiatives undertaken to drive future growth, including the expansion of offerings through the introduction of a dedicated Generative AI business unit and the establishment of a focused sales team for new client acquisition, among other measures.

Detailed description of key rating drivers:

Key strengths

Strong promoter supported by experienced leadership:

Mr. Ashok Soota, the majority shareholder in the company, advocates for HMTL, and brings over thirty years of experience in the IT industry to the table. He was associated with Wipro and Mindtree Technologies Limited before starting HMTL. During his tenure with these companies, he was pivotal in successfully setting up cost centres, scaling up the business units, and finally taking them public. He is supported by a strong leadership team consisting of Mr. Venkatraman, who is the MD of the company, Mr. Joseph Anantharaju, Co-Chairman and CEO, who is been trained under the guidance of Mr. Ashok Soota, and two other business lines headed separately by separate unit heads, who are the experts in their fields. As on September 30, 2025, 1.76% of the shares of Ashok Soota are pledged (44.13% held by Ashok Soota as on September 30, 2025).

Improving operations with stable profit margins

The company delivered healthy revenue growth in FY25, with income from operations rising to ₹2,060.84 crore from ₹1,629.25 crore in FY24 with the acquisitions materially contributing to the revenue growth. While the topline expanded, organic growth remained subdued due to broader industry headwinds, resulting in acquisitions driving a significant portion of the incremental revenue during the year. Operating profit also improved marginally to ₹351.05 crore in FY25 from ₹340.45 crore in FY24 crore. However, profitability softened year-on-year, as the PBILDT margin declined to 17.03% (from 20.90% in FY24). The margin contraction was primarily driven by an increase in employee costs, reflecting higher headcount in line with business growth, changes in the employee mix, and the impact of annual increments. Profit after tax (PAT) margin contracted to 8.96% (from 15.25%), reflecting higher operating costs and a substantial increase in finance charges during the year. Income from operations increased to ₹1,123.47 crore in H1FY26 from ₹985.46 crore in H1FY25, reflecting healthy growth in business volumes. While PBILDT increased to ₹192.68 crore in H1FY26 (from ₹176.64 crore in H1FY25), the PBILDT margin moderated to 17.15% from 17.92%, reflecting slight margin pressure despite the growth in topline.

Pre-eminent business profile

HMTL has been spreading its footprints in terms of clientele and geographies steadily with the US garnering ~65% of their revenue. The company is also growing domestically with a revenue share of ~15% in FY25, which was ~11.8% in FY21. The company with its offering especially in the Product and Digital Engineering Services (which contributed 78.5% sales in FY25) has been increasing its penetration within the existing customers and garnering new high mandate customer. As on September 30, 2025, the company has 58 customers who are more than US$ 1 million up. The company is also improving in terms of realisations as the average revenue per active customer has increased from USD 774,000 in FY22 to USD 906,000 in H1FY26. However, the industry is highly sensitive to global regulatory changes, particularly in its key export markets. The most immediate concern stems from the reciprocal tariff initiated by the US, which has disrupted client confidence and delayed IT spending decisions. Due to reciprocal tariffs, clients in manufacturing, retail, and consumer verticals, which together constitute ~40% of IT revenues are adopting a cautious spending stance. Additionally, potential shifts in immigration and data privacy laws further contribute to regulatory risks. Therefore, changes in government policies, especially in developed markets, have a direct and material impact on Indian IT firms.

Stable financial profile with strong coverage indicators despite debt-funded acquisitions in FY25
The financial risk profile has moderated in FY25, primarily due to a sharp increase in borrowings and a consequent weakening in leverage and debt-protection metrics. Total debt rose materially to ₹1,306 crore (from ₹512 crore in FY24), resulting in overall gearing increasing to 0.83x from 0.35x. Coverage indicators also softened, with interest coverage declining to 3.53x, driven by higher finance costs associated with elevated working-capital utilisation and incremental term loans. However, the company continues to maintain its net debt negative position as on March 31, 2025.

Key weaknesses

Regulatory challenges in various geographies, stiff competition from IT majors
The increasing geo-political crisis throughout the world, economies tend to impose changes in immigration laws, local regulations and H-1sB visa denials, which can ultimately affect the operations of the company. However, only 20% of the employees are into working on site locations, hence aiding a minor relief to the organisation as the magnitude of the same may be less. The presence in a highly competitive industry leads to factors, such as pricing pressure, deal renegotiations, deferrals, and retention of talent, among others, which are expected to have a direct bearing on the company's revenue growth and profitability.

Exposure to workforce attrition
Employee costs form the largest expense for any ITES company, with talent quality and attrition levels directly influencing growth and delivery capabilities. HMTL has witnessed a rise in attrition, increasing from 13% in FY24 to 16.6% in FY25, and further to 17.4% in H1FY26. Sustained elevation in attrition may pressure project execution, hiring costs, and overall productivity.

Currency risk exposure
The company generates ~80 to 85% of its revenue from offshore business, while about 15% is contribution by domestic clients. USA contributes the most being about 65%. and employees being the major asset for any ITes of which for HMTL's majority of them being from India itself, the company faces short-term currency risk fluctuations. However, the company hedges its position from these adverse currency movements.

Competitive pricing challenges stemming from intense rivalry with domestic and Global IT giants
IT/ITes and BPO industry is highly competitive with competition arising from domestic and global IT companies having wide penetration in low-cost economies, highly cash rich, and robust client relationships among others. This stiff competition can lead to pricing pressure, price, and deal re-negotiations and sometimes deferrals and hence can impact on a company's growth and profitability.

Liquidity: Superior

The company has maintained strong liquidity position throughout the year, meeting its cash requirements through internal accruals. The company has cash and cash equivalents (including margin money) of ₹1,468 crore as on March 31, 2025 and ₹1,404 crore as on September 30, 2025. The average operating cycle for the company has been ~30-35 days. For the half year ended H1FY26, the company has been able to generate net cash flow from operations of ₹123.23 crore on the back of profits earned during the year. The company has incurred an acquisition cost of ₹727 crore for the acquisition of four entities, namely – PureSoftware Technologies Private Limited, Macmillan Learning India Private Limited, Aureus Tech Systems LLC, and acquisition of Middle East Business of GAVS Technologies.

Environment, social, and governance (ESG) risks

The company has designed and established a sustainable framework that focuses on investments, drives operational performance while engaging with internal and external stakeholders. The company has set an objective to be carbon neutral by 2030.

	Risk factors
Environmental	The company maintains a strong environmental framework, targeting full carbon neutrality by 2030 through energy efficiency, increased renewable energy use, and responsible waste management. Green energy accounts for ~12% of total consumption, supported by solar installations and LED adoption. FY25 saw a notable 18.5% reduction in Scope 1 emissions driven by fuel optimisation. Biodiversity efforts, including a 10,000-sapling social forestry project, further enhance environmental stewardship.
Social	The company promotes a strong well-being culture through mindfulness, happiness initiatives, and high employee engagement via the "Happiverse" platform. Tools, such as Listening Post and Happometer ensure continuous support, real-time feedback, and a positive, connected workplace.
Governance	The company maintains a strong governance framework built on integrity, transparency, and strict ethical standards. Key policies-including anti-bribery, whistle-blower protection, PoSH compliance, and data privacy-ensure a safe, fair, and accountable workplace. Robust BCP/DRP systems, ISO 27701 certification, and responsible tax practices further enhance oversight and operational resilience. A strong focus on human rights, DEI, and stakeholder well-being drives a culture of trust and responsible business conduct.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Short Term Instruments
Consolidation
Service sector
Policy on Withdrawal of Ratings

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Information technology	Information technology	IT - software	Computers - software and consulting

Based out of Bengaluru, HMTL was incorporated on March 30, 2011. The company is involved in providing services across digital business, infrastructure management, and security and product engineering domains. In addition, the company is an authorised partner with global information technology players to deploy their services to end customers and create custom solutions per the business requirements. Founded by Ashok Soota, the company's executive chairman, who is also the majority shareholder (holds 32.34% on individual basis and 11.79% through Ashok Soota Medical Research LLP) is well-recognised personnel in the IT eco-system.

Brief Consolidated Financials

Particular	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	1629.25	2060.84	1123.47
PBILDT	340.45	351.05	192.68
PAT	248.39	184.66	111.15
Overall gearing (times)	0.35	0.83	0.78
Interest coverage (times)	8.05	3.53	3.83

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non-convertible debentures	INE419U08017	27-Mar-2023	3 Month T-Bill + 2.35	08-May-2026	-	Withdrawn
Debentures-Non-convertible debentures	INE419U08025	08-May-2023	3 Month T-Bill + 2.35	08-May-2026	45.00	CARE AA-; Stable
Debentures-Non-convertible debentures	INE419U08033	26-Sep-2023	3 Month T-Bill + 2.35	29-Sep-2026	35.00	CARE AA-; Stable
Fund-based - LT-Term Loan	-	-	-	15-07-2032	100.98	Fund-based - LT-Term Loan
Fund-based - LT-Term Loan	-	-	-	30-09-2029	250.00	Fund-based - LT-Term Loan
Fund-based - LT-Term Loan	-	-	-	Monthly installments for five years from the date of draw-down of loan*	62.00	Fund-based - LT-Term Loan
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	390.00	CARE AA-; Stable / CARE A1+
Non-fund-based - ST-Credit Exposure Limit		-	-	-	5.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Debentures-Non-convertible debentures	LT	80.00	CARE AA-; Stable	-	1)CARE AA-; Stable (27-Dec-24)	1)CARE AA-; Stable (29-Dec-23)	1)CARE AA-; Stable (09-Mar-23) 2)CARE AA-; Stable (09-Mar-23)
2	Debentures-Non-convertible debentures	LT	45.00	Withdrawn	-	1)CARE AA-; Stable (27-Dec-24)	1)CARE AA-; Stable (29-Dec-23)	1)CARE AA-; Stable (09-Mar-23) 2)CARE AA-; Stable (09-Mar-23)
3	Fund-based - LT-Term Loan	LT	412.98	CARE AA-; Stable	-	1)CARE AA-; Stable (27-Dec-24)	1)CARE AA-; Stable (29-Dec-23)	1)CARE AA-; Stable (09-Mar-23)
4	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	390.00	CARE AA-; Stable / CARE A1+	-	1)CARE AA-; Stable / CARE A1+ (27-Dec-24)	1)CARE AA-; Stable / CARE A1+ (29-Dec-23)	-
5	Non-fund-based - ST-Credit Exposure Limit	ST	5.00	CARE A1+				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-convertible debentures	Simple
2	Fund-based - LT-Term Loan	Simple
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple
4	Non-fund-based - ST-Credit Exposure Limit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Happiest Minds Inc.	Full	Operational and financial linkages
2	Aureus Tech Systems Canada Limited (Step down subsidiary)		
3	Aureus Tech Systems Private Limited		
4	PureSoftware Technologies Private Limited		
5	PureSoftware Pte Limited, Singapore (Step down subsidiary)		
6	PureSoftware Corp, USA (Step down subsidiary)		
7	PureSoftware Technology, S de R L de C.V, Mexico (Step down subsidiary)		
8	PureSoftware Sdn Bhd, Malaysia (Step down subsidiary)		
9	PureSoftware Pty Ltd, Australia (Step down subsidiary)		
10	PureSoftware HK Limited, Hong Kong (Step down subsidiary)		
11	PureSoftware Africa Ltd, Kenya (Step down subsidiary)		
12	PureSoftware Technologies Romania S.R.L, Romania (Step down subsidiary)		
13	PureSoftware Private Limited, Nepal (Step down subsidiary)		
14	PureConference Solutions Private Limited (Step down subsidiary)		
15	PureSoftware Private Limited, UK (Step down subsidiary)		
16	InnovazIT Technologies LLC		
17	GAVS Technologies LLC, Oman		
18	GAVS Technologies Saudi Arabia for Telecommunications and Information Technology		
19	Happiest Minds Technologies Share Ownership Plan Trust		

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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