A Study on financial performance analysis of Happiest Minds Technology Limited

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Abstract

This project conducts a comprehensive financial performance analysis of Happiest Minds Technologies Limited, a leading IT company specializing in digital transformation services. The study employs various analytical tools, including ratio analysis, trend analysis, correlation, regression, and standard deviation, to evaluate the company's profitability, operational efficiency, solvency, and liquidity. Key findings indicate that Happiest Minds has exhibited strong profitability, as evidenced by consistent and robust net profit margins and an increasing trend in earnings per share (EPS). However, challenges exist in asset utilization efficiency, as indicated by a declining trend in return on assets (ROA). Additionally, fluctuations in solvency ratios highlight the need for a balanced capital structure to mitigate financial risks effectively. The study concludes with recommendations for Happiest Minds to enhance asset utilization, strengthen short-term liquidity, optimize capital structure, manage variability in financial metrics, and base strategic decisions on thorough financial analysis. Overall, while the company has demonstrated resilience and profitability, continuous monitoring and strategic financial management are essential to sustain long-term growth and profitability in a dynamic market environment.

Key words: Happiest Minds Technologies Limited, Financial performance analysis, Profitability, Operational efficiency, Solvency, Liquidity, Ratio analysis, Trend analysis, Asset utilization efficiency Strategic decisions.

Introduction

Happiest Minds Technologies Limited (NSE: HAPPSTMNDS) is a mindful IT company specializing in facilitating digital transformation for enterprises and technology providers. Their focus is on delivering seamless customer experiences, enhanced business efficiency, and actionable insights through a range of disruptive technologies, including artificial intelligence, block chain, cloud, digital process automation, robotics/drones, security, and virtual/augmented reality. Their services cater to diverse industry sectors such as automotive, BFSI, consumer packaged goods, e-commerce, Education Tech, engineering R&D, healthcare, hi-tech, manufacturing, retail, and travel/transportation/hospitality. Happiest Minds, headquartered in Bangalore, India, extends its operation globally, including the US, UK, Canada, Australia, and the Middle East. In the dynamic landscape of technology-driven enterprises, Happiest Minds Technologies Limited (NSE: HAPPSTMNDS) stands out as a leading entity, specializing in mindful IT solutions that foster digital transformation for both enterprises and technology providers. This project aims to undertake a thorough financial performance analysis of Happiest Minds Technologies, delving into key financial indicators and employing various analytical tools to offer insights into the company's fiscal health.

Objectives:

- To evaluate the company's financial health to ascertain its profitability
- To investigate the impact of operational efficiency on the financial performance of a company
- To assess the short term as well as long term solvency position of the firm
- To identify the reasons for change in profitability and financial position on the firm

Statement of problem

Financial analysis reveals the strength and weakness of the company by properly establishing the relationship between the items of the balance sheet and the profit and loss account. The efficient performance of the firm depends on the sound planning of the capital structure, investment and distribution. Since finance enterprises lifeline and essential driving course the important of the timely appraisal of the firms performance cannot be ignored. Factors such as volatile market conditions technologies obsolescence and frequent changes in customer demands can make it difficult to predict and evaluate the company's future financial stability.

Limitations

The analysis relies on publicly available financial data, which may have limitations such as data accuracy and timeliness. External factors impacting financial performance, such as changes in market conditions or regulatory environment, may not be fully accounted for in the analysis. The research is focused on quantitative analysis and may not capture qualitative aspects of the company's operations or industry dynamics.

Research Methodology

1. **Research Design**

This research will utilize a quantitative approach to analyze the financial performance of Happiest Minds Technologies Limited. Quantitative analysis allows for the measurement and statistical interpretation of financial data, providing objective insights into the company's fiscal health.

2. **Data Collection**

Financial data for Happiest Minds Technologies Limited will be collected from reliable sources such as annual reports, financial statements (balance sheets, income statements, and cash flow statements), and other relevant financial documents available in the public domain. The data will cover a specific period, typically spanning several years to capture trends and patterns.

3. **Variables**

The primary variables for analysis will include various financial indicators such as profitability ratios (e.g., net profit margin, return on assets), solvency ratios (e.g., current ratio, debt-to-equity ratio), liquidity ratios (e.g., quick ratio, cash ratio), turnover ratios (e.g., fixed asset turnover ratio, capital turnover ratio), and earnings per share (EPS).

4. **Sampling**

The analysis will focus on Happiest Minds Technologies Limited as the sole subject of study. The selected period for analysis will typically cover the last five to ten years to capture long-term trends and assess the company's performance over different economic cycles.

5. **Data Analysis Techniques**

Various analytical tools will be employed to evaluate the financial performance of Happiest Minds Technologies Limited

- **Ratio Analysis:** This will involve calculating and interpreting key financial ratios to assess profitability, solvency, liquidity, and operational efficiency.

- **Trend Analysis:** Time-series analysis will be conducted to identify patterns, trends, and changes in financial metrics over the selected period.
- **Correlation Analysis:** Correlation coefficients will be calculated to examine the relationships between different financial variables.
- **Regression Analysis:** Regression models may be used to identify the factors influencing certain financial metrics and predict future performance.
- **Standard Deviation:** This statistical measure will be utilized to assess the variability or dispersion of financial data, providing insights into the stability of earnings and other financial indicators.

6. Interpretation and Reporting

The findings from the data analysis will be interpreted to draw meaningful conclusions regarding Happiest Minds Technologies Limited's financial performance. The results will be presented in a comprehensive report format, including descriptive statistics, graphical representations, and qualitative insights. Recommendations for improvement, if applicable, will also be provided based on the research findings.

7. Ethical Considerations

The research will adhere to ethical principles and guidelines, ensuring the proper handling and use of financial data. Confidential or sensitive information will be handled with utmost confidentiality and not disclosed without proper authorization. Proper citation and acknowledgment of sources will be maintained to avoid plagiarism and respect intellectual property rights.

Review of literature

- **M. Gunasekaran and T. Thamizudeenlii (2023)** "a study on financial performance of tech Mahindra limited" concludes that the study aimed to assess the financial performance of Tech Mahindra over the past decade (2013-2014 to 2021-2023) using analytical and descriptive methods. Employing tools such as profitability, liquidity, and solvency ratios, the analysis highlighted the company's strengths and weaknesses. Notably, Tech Mahindra demonstrated satisfaction with its financial position, but there's a recommendation to enhance solvency for managing long-term debts effectively. The study provides valuable insights for financial managers to make informed decisions about the company's future.

- **Bhumika Dang, Aditya Singhal (2021)** "Fundamental analysis: a study of it sector in Indian". Concludes that the Indian it sectors and calculate intrinsic value of major it companies and compare with the market value. The period of the study is from 2013 to 2019. For the evaluation of the performance of the major IT companies they used statistical tools such as ratio, table and graph. From the study, the researcher found debt Equity ratio of all the companies are using less. Therefore, the fixed payment obligation is less resulting in more Profitability and less risky for shareholders.

- **Samrat Banarje (2021)** "Comparative analysis of financial performance: a study with reference to TCS and Infosys" evaluate the financial performance of the companies. They have considered TCS and INFOSYS for the study. The period of study taken was from 2010-2011 to 1028-2019. The required data was calculated from the annual report of TCS and INFOSYS. Descriptive statistical and multiple regression analysis were used to analyse the data of two companies. This companies selected for the study are the leaders in their industry and the ratios go on to support this claims with consistently high ratios, these companies have a set of performance benchmark for others to follow.

- **Dr. Roopa and Prof Chaya Devi (2017)** "study on financial performance of selected IT companies listed in NSE, India" Examined that the financial performance of 45 selected Indian IT companies listed on the National Stock Exchange. Findings indicate that larger companies exhibit better performance, while medium-sized companies demonstrate consistency in their financial

performance. This underscores the sector's importance in attracting substantial foreign investments based on outstanding financial performance.

- **Dr. Pramod Bhargava (2017)** "financial analysis of information technology industry of India (a case study of Wipro Ltd and Infosys Ltd)" Examined the financial position of IT companies, specifically Wipro Ltd. & Infosys Ltd., from the proprietor's perspective. It aims to analyse the management of proprietor's funds, identify financial management efficiencies, and recommend initiatives for both companies to enhance financial management techniques and achieve optimal capital structures.

Tools

1. **Ratio analysis**
   - Profitability ratios
   - Solvency ratios
   - Liquidity ratios
   - Turnover ratios
   - Proprietary ratio

2. **Trend analysis**

   - Correlation
   - Regression
   - Standard deviation

Ratio Analysis

- **Profitability Ratios**
  1. **Net Profit Margin**

     Net Profit Margin = $\dfrac{\text{Net profit}}{\text{Revenue}}$

NET PROFIT MARGIN			
Year	Net Profit	Revenue	Net Profit Margin
2018-2019	590.36	601.61	98.13001779
2019-2020	698.21	714.19	97.76250018
2020-2021	760.96	784.38	97.0142023
2021-2022	1033.54	1071.25	96.4798133
2022-2023	1332.55	1354.89	98.35115766

Happiest Minds Technology Limited demonstrated consistent and robust Net Profit Margins, ranging from 96.48% to 98.35% over the years. This suggests efficient cost management and strong profitability, with a notable improvement in 2022-2023. The company showcased resilience and effective conversion of revenue into profit.

2. **Return on Asset**

   Return on Asset = $\dfrac{\text{Net Profit}}{\text{Average Total Asset}}$

RETURN ON ASSET			
Year	Net Profit	Average Total Asset	Return on Asset
2018-2019	590.36	385.735	15.3048077
2019-2020	698.21	459.95	15.18012827
2020-2021	760.96	580.79	13.10215396
2021-2022	1033.54	994.87	10.388694
2022-2023	1332.55	1329.59	10.0222625

Happiest Minds Technology Limited exhibited a declining trend in Return on Assets (ROA) over the years, starting at 15.30% in 2018-2019 and decreasing to 10.02% in 2022-2023. This suggests a reduction in the company's ability to generate profit from its average total assets. The declining ROA indicates a potential efficiency challenge in utilizing assets to generate earnings, warranting further examination of operational effectiveness and resource utilization.

3. **Earnings Per Share**

Earnings per Share =   **Net Profit**
                Total shareholder Fund

EARNING PER SHARE			
Year	Net Profit	Total Shareholder outstanding	EPS
2018-2019	14	14	1
2019-2020	72	14	5.142857143
2020-2021	162	14	11.57142857
2021-2022	181	14	12.92857143
2022-2023	231	14	16.5

The earnings per share (EPS) for the given years indicate a consistent increase, reflecting the company's growing profitability. From 1 in 2018-2019, the EPS has risen to 16.5 in 2022-2023, suggesting improved financial performance and increased earnings available for each outstanding share.

• **Solvency Ratio**

1. **Quick Ratio**

Quick Ratio =   **Current Asset - Inventory**
                Current Liability

QUICK RATIO				
Year	Current asset	Current Liability	Inventory	Quick ratio
2018-2019	332.33	431.89	0	0.769478339
2019-2020	445.11	211.32	0	2.10633163
2020-2021	731.7	270.36	0	2.706391478
2021-2022	903.93	338.44	0	2.670872237
2022-2023	1034.04	548.28	0	1.885970672

The quick ratio assesses a company's ability to meet short-term liabilities with liquid assets, excluding inventory. The data indicates a fluctuating trend: starting at 0.77 in 2018-2019, it rises to 2.71 in 2020-2021, signaling improved short-term liquidity. However, it declines to 1.89 in 2022-2023, suggesting a potential decrease in the company's ability to cover immediate obligations with liquid assets.

2. **Capital Gearing Ratio**

Capital Gearing Ratio = **Long term debt + Preference Share Capital**
                             Equity shareholder Fund

CAPITAL GEARING RATIO				
Year	Long term debt	Preference share capital	Equity shareholder Fund	Capital Gearing Ratio
2018-2019	38.09	22	5.97	10.06532663
2019-2020	1.32	36	8.79	4.245733788
2020-2021	36.61	0	28.37	1.290447656
2021-2022	17.24	0	28.54	0.604064471
2022-2023	112.78	0	28.66	3.935101186

The Capital Gearing Ratio, reflecting financial leverage, starts at 10.07 in 2018-2019, sharply decreases to 4.25 in 2019-2020, indicating reduced dependence on debt. It remains low in 2020-2021 and 2021-2022 (1.29 and 0.60, respectively), suggesting continued lower reliance. However, in 2022-2023, it rises to 3.94, indicating a potential increase in the company's use of long-term debt relative to equity and preference share capital.

3. Current Ratio

$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liability}}$$

CURRENT RATIO			
Year	Current asset	Current Liability	Current Ratio
2018-2019	332.33	431.89	0.769478339
2019-2020	445.11	211.32	2.10633163
2020-2021	731.7	270.36	2.706391478
2021-2022	903.93	338.44	2.670872237
2022-2023	1034.04	548.28	1.885970672

The Current Ratio, which assesses a company's short-term liquidity by comparing current assets to current liabilities, exhibits a fluctuating trend. Starting at 0.77 in 2018-2019, it increases significantly in the following years: 2.11 in 2019-2020, 2.71 in 2020-2021, and 2.67 in 2021-2022, indicating improved ability to cover short-term obligations. However, in 2022-2023, the ratio decreases to 1.89, suggesting a potential decline in the company's short-term liquidity.

4. Debt Equity Ratio

$$\text{Debt Equity Ratio} = \frac{\text{Total debt}}{\text{Total Shareholder Equity}}$$

DEBT EQUITY RATIO			
Year	Total Debt	Total Shareholder Equity	Debt to Equity Ratio
2018-2019	124.22	-89.89	-1.381911225
2019-2020	70.48	229.27	0.307410477
2020-2021	146.33	546.67	0.267675197
2021-2022	190.64	669.74	0.284647774
2022-2023	476.55	825.98	0.576951016

The Debt Equity Ratio, reflecting financial leverage, begins with negative equity in 2018-2019, indicating a precarious financial situation. Subsequently, the ratio becomes positive, showing a moderate reliance on debt in 2019-2020, 2020-2021, and 2021-2022. In 2022-2023, the ratio increases to 0.58, suggesting a potentially higher level of financial leverage due to a greater proportion of debt relative to equity.

- **Turnover Ratio**
    1. Fixed Asset Turnover Ratio
    $$\text{Fixed Asset Turnover Ratio} = \frac{\text{Total Fixed Asset}}{\text{Long Term Funds}}$$

FIXED ASSET TURNOVER RATIO			
Year	Total Fixed Asset	Long Term Funds	Fixed Asset Ratio
2018-2019	61.27	6.18	9.914239482
2019-2020	37.97	7.67	4.950456323
2020-2021	29.06	0	0
2021-2022	63.83	22.74	2.806948109
2022-2023	201.68	24.65	8.181744422

The Fixed Asset Turnover Ratio assesses a company's efficiency in utilizing its fixed assets in generating revenue. In the provided data, the ratio exhibits variability. Starting at 9.91 in 2018-2019, it drops significantly in 2019-2020 to 4.95, indicating a reduced efficiency in asset utilization. In 2020-2021, the ratio becomes 0, possibly due to a lack of fixed assets generating revenue. It rises to 2.81 in 2021-2022, suggesting improved efficiency, and increases further to 8.18 in 2022-2023, indicating a substantial improvement in utilizing fixed assets to generate revenue.

2. Capital Turnover Ratio

$$\text{Capital Turnover Ratio} = \frac{\text{Net Sales}}{\text{Equity Shareholder fund}}$$

CAPITAL TURNOVER RATIO			
Year	Net Sales	Equity shareholder fund	Capital Turnover Ratio
2018-2019	590	5.97	98.82747069
2019-2020	698	8.79	79.40841866
2020-2021	773	28.37	27.247092
2021-2022	1094	28.54	38.33216538
2022-2023	1429	28.66	49.86043266

The Capital Turnover Ratio evaluates how efficiently a company utilizes its equity to generate sales. In the provided data, the ratio fluctuates. Beginning at 98.83 in 2018-2019, it decreases in subsequent years: 79.41 in 2019-2020, 27.25 in 2020-2021, and 38.33 in 2021-2022. However, it increases notably to 49.86 in 2022-2023, indicating a substantial improvement in utilizing equity to generate sales.

- **Liquidity Ratio**
  1. Liquidity Ratio
  $$\text{Liquidity Ratio} = \frac{\text{Liquid Asset}}{\text{Current Liability}}$$

LIQUIDITY RATIO			
Year	Liquid Asset	Current Liability	Liquidity Ratio
2018-2019	327.33	431.89	0.757901317
2019-2020	439.36	211.32	2.079121711
2020-2021	723.72	270.36	2.676875277
2021-2022	893.6	338.44	2.64034984
2022-2023	1016.97	548.28	1.854836945

The Liquidity Ratio, assessing a company's ability to meet short-term liabilities with liquid assets, shows a fluctuating trend. Starting at 0.76 in 2018-2019, it increases significantly in subsequent years: 2.08 in 2019-2020, 2.68 in 2020-2021, and 2.64 in 2021-2022, indicating improved short-term liquidity. However, in 2022-2023, the ratio decreases to 1.85, suggesting a potential decline in the company's ability to cover immediate obligations with liquid assets.

2. Cash Ratio

$$\text{Cash Ratio} = \frac{\text{Cash}}{\text{Current Liability}}$$

CASH RATIO			
Year	Cash	Current Liability	Cash Ratio
2018-2019	26.05	431.89	0.060316284
2019-2020	189.57	211.32	0.897075525
2020-2021	138.87	270.36	0.513648469
2021-2022	156.72	338.44	0.463065831
2022-2023	674.07	548.28	1.22942657

The Cash Ratio, indicating a company's ability to cover short-term liabilities with cash, shows improvement over the years. Starting at 0.06 in 2018-2019, it notably increases to 0.90 in 2019-2020. However, there is a decline in 2020-2021 (0.51) and 2021-2022 (0.46), potentially suggesting a reduced

ability to cover current liabilities with cash. In 2022-2023, the ratio rises significantly to 1.23, indicating an improved capacity to meet short-term obligations with available cash.

- **Proprietary Ratio**
  Proprietary Ratio = $\dfrac{\text{Total Equity}}{\text{Total Tangible Asset}}$

PROPRIETARY RATIO			
Year	Total Equity	Total Tangible Asset	Proprietary Ratio
2018-2019	5.97	41.76	0.14295977
2019-2020	8.79	30.96	0.283914729
2020-2021	28.37	22.16	1.280234657
2021-2022	28.54	54.66	0.522136846
2022-2023	28.66	188.97	0.151664285

The Proprietary Ratio, reflecting the proportion of total tangible assets financed by equity, varies. It increases in 2019-2020 (0.28) and significantly in 2020-2021 (1.28), indicating high reliance on equity for asset financing. However, it decreases in 2021-2022 (0.52), suggesting a more balanced approach. In 2022-2023, the ratio drops to 0.15, potentially indicating a reduced reliance on equity for financing tangible assets.

Trend Analysis

- **Correlation**
  1. **Correlation for Profitability Ratios**

	Net Profit Margin	Return on Asset	Return on Investment	Earning Price per Share
Net Profit Margin	1			
Return on Asset	0.271601892	1		
Return on Investment	-0.412415587	-0.561750994	1	
Earning Price per Share	-0.256669788	-0.929574947	0.757795307	1

The correlation matrix indicates positive correlations between Net Profit Margin and Return on Asset. There are negative correlations between Return on Investment and both Net Profit Margin and Return on Asset. Earning Price per Share shows negative correlations with Net Profit Margin and Return on Asset but a positive correlation with Return on Investment. These correlations suggest potential relationships between the financial metrics.

  2. **Correlation for Liquidity Ratios**

	Liquidity Ratio	Cash Ratio
Liquidity Ratio	1	
Cash Ratio	0.327230571	1

The Liquidity Ratio and Cash Ratio exhibit a positive correlation of 0.33, indicating a moderate alignment. This suggests that as one of these liquidity metrics increases or decreases, there is a tendency for the other to move in the same direction to some extent.

- **Regression**
  1. **Regression for Liquidity Ratio**

Regression Statistics	
Multiple R	0.327230571
R Square	0.107079846
Adjusted R Square	-0.1905602
Standard Error	0.851907056
Observations	5

ANOVA	Df	SS	MS	F	Significance F
Regression	1	0.26109635	0.26109635	0.3597629	0.590917026
Residual	3	2.177236897	0.72574563		
Total	4	2.438333246			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%
Intercept	1.639576997	0.714061153	2.29612967	0.105361752	-0.63288428
Cash Ratio	0.572524544	0.954521962	0.59980238	0.590917026	-2.465190345

Upper 95%	Lower 95.0%	Upper 95.0%
3.912038274	-0.63288428	3.91203827
3.610239434	-2.465190345	3.61023943

The regression analysis indicates a weak and statistically insignificant relationship between the variables. The model poorly explains the variability in the dependent variable, with low R-squared (10.7%) and non-significant coefficients. The overall model lacks significance, suggesting it may not be useful for predicting the dependent variable.

  2. **Regression for Profitability Ratios**

Regression Statistics	
Multiple R	0.271601892
R Square	0.073767588
Adjusted R Square	-0.234976549
Standard Error	0.008707511
Observations	5

ANOVA	df	SS	MS	F	Significance F
Regression	1	1.81157E-05	1.81157E-05	0.238928	0.658486
Residual	3	0.000227462	7.58207E-05		
Total	4	0.000245578			

	Coefficients	Standard Error	t Stat
Intercept	0.964699851	0.022386053	43.09378902
Return on Asset	0.008418641	0.017222991	0.488802515

P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
2.75033E-05	0.893457439	1.035942263	0.893457439	1.035942
0.658485709	-0.046392602	0.063229884	-0.046392602	0.06323

The regression analysis suggests a weak overall model fit with a low R-squared (7.4%). The Intercept is statistically significant, but the variable "Return on Asset" shows no significant impact on the dependent variable. The overall model lacks significance based on the non-significant F-statistic (0.239).

- **Standard Deviation**

Year	EPS
2018-2019	1
2019-2020	5.142857143
2020-2021	11.57142857
2021-2022	12.92857143
2022-2023	16.5

$$\sigma = \sqrt{\frac{\sum (x_i - \mu)^2}{N}}$$

= 5.590261211

The standard deviation of 5.107 indicates the degree of variability or dispersion in the EPS values. A higher standard deviation suggests greater variability around the mean. In this context, it implies that the annual EPS values vary from the average by around 5.107, providing insight into the volatility or stability of the company's earnings over the specified years.

Findings

Based on the comprehensive financial performance analysis of Happiest Minds Technologies Limited, several findings have emerged

1. Profitability Analysis

- The company has consistently demonstrated strong net profit margins, indicating efficient cost management and profitability.
- However, there is a declining trend in the Return on Assets (ROA), suggesting potential challenges in utilizing assets to generate earnings efficiently.

2. Solvency Analysis

- Short-term liquidity, as measured by the current ratio and liquidity ratios, showed fluctuations over the years. While there were periods of improvement, there was also a decline in the company's ability to cover immediate obligations with liquid assets in certain years.
- The capital gearing ratio exhibited variability, indicating fluctuations in the company's reliance on long-term debt relative to equity and preference share capital.

3. Turnover Analysis

- The fixed asset turnover ratio experienced significant fluctuations, indicating changes in the company's efficiency in utilizing fixed assets to generate revenue.
- The capital turnover ratio fluctuated as well, reflecting changes in the company's ability to utilize equity to generate sales.

4. Earnings Per Share (EPS)

The EPS showed a consistent increase over the years, indicating improved financial performance and increased earnings available for each outstanding share.

5. Regression Analysis

The regression analysis indicated weak and statistically insignificant relationships between certain financial metrics, suggesting limitations in predicting the dependent variables using the provided independent variables.

6. Standard Deviation

The standard deviation of EPS values indicated the degree of variability or dispersion in earnings, providing insight into the volatility or stability of the company's earnings over the specified years.

7. Overall Financial Health

Happiest Minds Technologies Limited has exhibited strengths in profitability and earnings growth. However, there are areas of concern, such as declining ROA and fluctuating solvency ratios, which warrant further examination and potentially corrective measures.

Suggestion

Based on these findings, several suggestions can be made to improve Happiest Minds' financial performance and stability:

- Enhance Asset Utilization: Implement strategies to improve the efficiency of asset utilization to counteract the declining trend in ROA.
- Strengthen Short-Term Liquidity: Focus on maintaining adequate levels of liquid assets to meet short-term obligations consistently.
- Optimize Capital Structure: Evaluate the balance between debt and equity financing to ensure an optimal capital structure that minimizes financial risk while maximizing returns.
- Monitor and Manage Variability: Implement measures to manage and mitigate the variability in financial metrics, such as EPS and liquidity ratios, to enhance stability and predictability.
- Continuous Performance Monitoring: Regularly monitor and analyse financial performance using various analytical tools to identify trends, opportunities, and potential risks proactively.
- Strategic Decision Making: Base strategic decisions on thorough financial analysis and forecasts to ensure alignment with the company's long-term goals and objectives.

Conclusion

The comprehensive financial performance analysis of Happiest Minds Technology Limited reveals several key insights into the company's fiscal health and operational efficiency. Over the examined period, Happiest Minds has showcased commendable financial stability and resilience, particularly in its profitability metrics. The consistently high Net Profit Margins indicate efficient cost management and strong profitability, with a notable improvement in recent years. Moreover, the increasing trend in Earnings Per Share (EPS) reflects the company's growing profitability and enhanced shareholder value. However, challenges exist, especially in terms of asset utilization efficiency. The declining trend in Return on Assets (ROA) suggests a potential efficiency challenge in converting assets into earnings, warranting further examination of operational effectiveness and resource utilization strategies. Additionally, while the liquidity ratios initially showed improvements, there was a decline in short-term liquidity in the most recent year, indicating a need for attention to ensure the company's ability to meet immediate obligations. Furthermore, the analysis of solvency ratios highlights fluctuations in the company's reliance on debt, with a noticeable increase in the Capital Gearing Ratio in the latest year, suggesting a potential shift towards greater dependence on long-term debt. This emphasizes the importance of maintaining a balanced capital structure to mitigate financial risks. In conclusion, while Happiest Minds Technology Limited has demonstrated strong financial performance and resilience, the analysis underscores the importance of continuous monitoring and strategic financial management to address evolving challenges and sustain long-term growth and profitability.

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