Tech Mahindra | ADD

Gathering pace

TechM delivered a strong quarter, with revenue growth of 1.7% QoQ cc, materially ahead of our expectation of 0.7% QoQ cc. Underlying services growth contributed 1% QoQ, while ramp-up of a large European OEM deal added a further 0.7%. Margins exceeded expectations, with EBIT margin at 13.1% (JMFe: 12.8%), expanding 100bps QoQ. Gross-margin-led expansion was supported by lower headcount, higher utilisation and project Fortius. Volume growth contributed 20-30bps. Deal wins were robust at USD 1,096mn (+34% QoQ/+47% YoY), taking LTM TCV up 48% YoY. TechM secured a USD 500mn European Telco deal, slated to ramp over five years. Management reiterated confidence on meeting growth and margin targets. Ramp-up of large deals, sustained focus on USD 20mn+ clients and a pickup in AI-led spends underpin TechM's ambition to grow faster than the industry in FY27. The 15% EBIT margin target by FY27 remains intact. Overall, the quarter saw an all-round beat. We upgrade EPS by 1-4%; however, near-term growth will be impacted by normalisation of European auto deal and Comviva seasonality. Valuations remain pricey at 23x FY27E given the growth profile. Maintain ADD.

- **3QFY26 – Strong performance:** TECHM delivered growth of 1.7% cc QoQ (1.3% cc YoY), materially ahead of JMFe/consensus at 0.7% QoQ. Management indicated c.1% of QoQ cc growth came from underlying services growth and seasonality (net of furloughs), with the balance driven by European auto ramp-up that is expected to normalise. Growth was broad-based, led by communications (+2.8% QoQ USD), manufacturing (+2.2%), tech, media & entertainment (+3%) and logistics (+4%). BFSI declined 6.2% QoQ, the only declining vertical, due to higher furloughs and annual productivity pass-through on a large infra contract in RoW. By geography, the US grew 3.1% QoQ, Europe rose 2.2% QoQ aided by seasonal Euro auto strength, while RoW fell 2.3% QoQ. Adj. EBIT margin expanded 100bps QoQ to 13.1%, ahead of JMFe/consensus (12.8%/12.7%). Gross margins expanded 118bps, SG&A (as a % of rev.) increased 24bps while D&A declined 6bps. Currency impact was marginal, partly offset by FX MTM losses, with c.USD 13.9mn flowing through the P&L. Adj. PAT stood at INR 13.9bn (16.7% QoQ/42% YoY), in line with expectations, while reported PAT of INR 11.2bn reflected a one-off INR 2.7bn labour code impact.

- **Outlook – On track to meet targets:** Deal momentum remained strong, with net new TCV of USD 1,096mn, up 34% QoQ/47% YoY, taking LTM net new TCV to USD 3.5bn (+48% YoY), the strongest bookings in five years. The quarter was anchored by a mega European telecom deal (USD 500mn TCV over five years), which is entirely net new, and delivery starting in 1HFY27. Management highlighted a healthy but lumpy pipeline, with communications and manufacturing particularly strong, while BFSI pipelines are building via new logo additions with longer ramp cycles. Management reiterated confidence in outgrowing peers by FY27, supported by large-deal execution, an improving tech-spend environment and a focused strategy to scale USD 20mn+ clients, which continue to outgrow the company average and offer higher cross-sell potential. On margins, management reaffirmed the 15% EBIT margin target by FY27, with incremental expansion increasingly gross-margin-led, driven by fixed-price productivity, automation, utilisation improvement and pricing discipline, while SG&A leverage tapers.

- **EPS revised 1-4%; Retain ADD:** We raise our revenue and margins estimates following 3Q beat, strong deal wins and steady progress on targets. As a result, EPS sees upgrade of 1-4%. However, near-term growth will face headwinds from the normalisation of European auto deal and valuations remain pricey at 23x FY27E PER. We maintain ADD.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	5,19,955	5,29,883	5,62,353	5,96,743	6,32,749
Sales Growth (%)	-2.4	1.9	6.1	6.1	6.0
EBITDA	49,645	69,911	89,143	1,04,178	1,16,323
EBITDA Margin (%)	9.5	13.2	15.9	17.5	18.4
Adjusted Net Profit	24,729	42,515	52,688	65,651	73,634
Diluted EPS (INR)	27.9	47.9	59.4	73.9	82.9
Diluted EPS Growth (%)	-49.1	71.8	23.9	24.6	12.2
ROIC (%)	8.9	16.4	21.4	24.7	27.3
ROE (%)	9.1	15.7	19.8	24.9	27.2
P/E (x)	57.4	34.9	28.1	22.6	20.1
P/B (x)	5.3	5.4	5.7	5.6	5.4
EV/EBITDA (x)	27.7	20.6	16.3	14.1	12.5
Dividend Yield (%)	2.5	2.7	3.0	3.9	4.5

Source: Company data, JM Financial. Note: Valuations as of 16/Jan/2026

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Recommendation and Price Target	
Current Reco.	ADD
Previous Reco.	ADD
Current Price Target (12M)	1,780
Upside/(Downside)	6.6%
Previous Price Target	1,710
Change	4.1%

Key Data – TECHM IN	
Current Market Price	INR1,671
Market cap (bn)	INR1,636.6/US$18.0
Free Float	64%
Shares in issue (mn)	879.9
Diluted share (mn)	890.2
3-mon avg daily val (mn)	INR2,732.4/US$30.1
52-week range	1,736/1,209
Sensex/Nifty	83,570/25,694
INR/US$	90.9

Price Performance			
%	1M	6M	12M
Absolute	5.8	6.8	0.6
Relative*	7.5	4.5	-7.8

** To the BSE Sensex*

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Key Highlights from the call

- **Demand an outlook:** TECHM delivered 1.7% QoQ cc / 1.3% YoY cc revenue growth, driven by robust deal momentum and broad-based execution. Management highlighted that AI continues to be a key growth pillar, with client programs moving from experimentation to scaled execution, increasingly embedded across large enterprise engagements spanning operations, engineering, IT build and managed services. Growth was led by communications, manufacturing, retail & logistics and healthcare, while BFSI was weak during the quarter, impacted by higher-than-normal furloughs and the pass-through of annual productivity gains in a large ROW infrastructure contract; management emphasised that underlying BFSI demand remains strong and growth should normalise as these factors fade. Revenue from USD 20mn+ clients outpaced the company average, reflecting TECHM's focused strategy of scaling large, profitable accounts with higher cross-sell potential. The quarter also benefited from seasonal ramp-ups in European auto, which management indicated would normalise in subsequent quarters.

Growth was broad based in the quarter and was aided by ramp up in European Auto client

- **Outlook:** Management reiterated confidence in achieving its FY27 aspiration of growing faster than peer average, supported by a strong large-deal book, improving tech spend environment, and sustained momentum in large accounts. Europe is expected to move from stability to growth, aided by the large telecom win, while the US shows early signs of stabilization, particularly in communications. Growth ramp-up from large deals is expected to be non-linear, with meaningful contribution building through FY27. Management maintained its 15% EBIT margin target by FY27, backed by continued operational discipline and gross-margin-led expansion.

Management is confident on growth in FY27 exceeding that of industry average

- **Margins:** EBIT margin expanded c.100 bps QoQ to 13.1%, marking the ninth consecutive quarter of margin expansion. Gross margin improved by c.120 bps QoQ, driven primarily by fixed-price productivity improvements, higher automation, volume growth and continued execution under Project Fortius. Around 20-30 bps of margin benefit came from volume growth, while the bulk of improvement was attributed to operational efficiencies across delivery, utilisation, pricing discipline, and redeployment of talent from fixed-price projects. Currency impact was marginally positive, though partly offset by FX mark-to-market losses of c.USD 40mn, of which c.USD 13.9mn was recognised in the P&L and the balance taken to reserves. Management reiterated that incremental margin expansion going forward will be increasingly gross-margin-led, with SG&A benefits tapering, and remained confident of achieving the 15% EBIT margin target by FY27 through proactive operational planning.

EBIT margins expanded 100bps, Cost of services declined 118bps, SG&A went up 24bps and D&A declined 6bps for a net result of 100bps increase in margins

- **Verticals**: Vertical performance was largely broad-based. **Communications**, the largest vertical, grew 4.7% YoY, with management highlighting early signs of stabilisation in the US, while Europe is expected to move from stability into a growth phase, supported by the recently signed mega multi-year telecom deal. TECHM expects communications to be a key growth driver into FY27, aided by vendor consolidation, increased market share, and its differentiated end-to-end portfolio spanning IT, network services, BPS and Comviva, the latter growing faster than the company average. **Manufacturing** delivered 11.7% YoY growth, driven by strong traction in aerospace and industrial segments in the US, and auto-led ramp-ups in Europe, which were partly seasonal; US auto remains cautious, though management remains medium-term constructive given tech refresh cycles and SAP-led opportunities. **BFSI** declined 0.8% YoY, impacted by furloughs and productivity pass-backs, though management emphasised strong pipeline activity and multiple new logo wins across APJ, Europe and the Americas, with growth expected to follow a steadier trajectory going forward. **Retail, travel and logistics** grew 11.7% YoY, supported by logistics-led demand and above-normal seasonality in BPS, with management remaining bullish on solution-led BPS growth enabled by AI and automation.

BFSI was the only vertical to decline. IT declined c.6% due to higher than normal furloughs and productivity pass-back at a BFSI client

- **Geographies**: **Europe** grew ~11% YoY, **Americas** ~2% YoY, while **ROW** declined ~4% YoY due to furloughs and productivity actions; notably, priority ROW markets (ANZ, Japan, Singapore, and Indonesia) grew ~13% YoY, reflecting a favourable mix shift.

- **Bookings:** TECHM reported deal wins of USD 1.096bn in 3QFY26, the highest quarterly bookings in the last five years, with LTM deal wins up ~48% YoY. The quarter was anchored by a mega European telecom deal, one of the largest in the company's history, with a TCV exceeding USD 500mn over five years; management clarified that the entire value disclosed is net new, with delivery expected to commence from 1HFY27 and ramp up non-linearly over the contract term, with some time to full ramp. Beyond telecom, wins were recorded across manufacturing, BFSI (largely renewals), healthcare, hi-tech and BPS, including deals with a global HCM SaaS provider, a European aerospace OEM, a US-based communications provider, a US healthcare provider, and a leading US banking institution. Management indicated that the overall deal pipeline remains strong, albeit lumpy, with healthy odds of conversion, and noted that communications and manufacturing pipelines are particularly robust, while BFSI pipelines are building through new logos with longer ramp-up cycles.

- **AI strategy:** AI continues to be a core growth pillar, with client engagements moving from experimentation to scaled execution. TECHM highlighted increasing AI infusion across enterprise programs, spanning operations, engineering, IT build, and managed services. The company's partnership with Google positions it well to drive enterprise adoption of Gemini models, while agentic AI, automation, and differentiated pricing models for digital vs human labor are being piloted. Management reiterated that AI monetisation is embedded across engagements, making standalone AI revenue disclosure less meaningful at this stage

- **Supply Side:** Headcount optimization reflects operational efficiency and fixed-price productivity gains, with redeployment of existing talent and limited back-filling rather than demand weakness. Continued integration synergies and operational rigor under Project Fortius remain key levers for profitability.

Exhibit 1. 3Q26 Result Summary

	1Q26 A	4Q25 A	*Change (QoQ)*	Estimate (JMFe)	*Variance (vs. JMFe)*	Estimate (Consensus)	*Variance (vs. consensus)*	*QoQ estimate*	
								JMFe	*Consensus*
USD-INR	89.40	88.24	*1.3%*	89.22	*0.2%*	89.25	*0.2%*	*1.1%*	*1.1%*
CC Revenue Growth (QoQ)	1.7%	1.6%		0.7%	*97bp*	0.7%	*100bp*	*0.7%*	*0.7%*
Revenue (USD mn)	1,610	1,586	*1.5%*	1,585	*1.6%*	1,593	*1.1%*	*-0.1%*	*0.4%*
Revenue (INR mn)	143,932	139,949	*2.8%*	141,417	*1.8%*	142,176	*1.2%*	*1.0%*	*1.6%*
EBIT (INR mn)	18,919	16,993	*11.3%*	18,161	*4.2%*	18,056	*4.8%*	*6.9%*	*6.3%*
EBIT margin	*13.1%*	*12.1%*	*100bp*	*12.8%*	*30bp*	*12.7%*	*44bp*	*70bp*	*56bp*
PAT - adjusted (INR mn)	13,944	11,945	*16.7%*	13,976	*-0.2%*	13,791	*1.1%*	*17.0%*	*15.5%*
EPS - adjusted(INR)	12.6	13.5	*-6.1%*	15.8	*-19.9%*	15.5	*-18.7%*	*17.2%*	*15.5%*

Source: Company, JM Financial estimates

3QFY26 result review

Exhibit 2. Key financials

(INR mn)	2Q25	3Q25	4Q25	FY25	1Q26	2Q26	3Q26
Cons. revenues (USD mn)	**1,589**	**1,567**	**1,549**	**6,264**	**1,564**	**1,586**	**1,610**
Change (QoQ/YoY)	*1.9%*	*-1.3%*	*-1.2%*	*-0.2%*	*1.0%*	*1.4%*	*1.5%*
Cons. Revenues	**133,132**	**132,856**	**133,840**	**529,883**	**133,512**	**139,949**	**143,932**
Change (QoQ/YoY)	*2.4%*	*-0.2%*	*0.7%*	*1.9%*	*-0.2%*	*4.8%*	*2.8%*
Cost of services	95,957	94,559	94,800	380,848	95,236	99,159	100,276
Gross profit	**37,175**	**38,297**	**39,040**	**149,035**	**38,276**	**40,790**	**43,656**
Gross margin	**27.9%**	**28.8%**	**29.2%**	**28.1%**	**28.7%**	**29.1%**	**30.3%**
Operating expenses	19,673	20,207	20,366	79,124	18,924	19,110	20,000
EBITDA	**17,502**	**18,090**	**18,674**	**69,911**	**19,352**	**21,680**	**23,656**
EBITDA margin	**13.1%**	**13.6%**	**14.0%**	**13.2%**	**14.5%**	**15.5%**	**16.4%**
Depreciation	4,698	4,588	4,621	18,529	4,581	4,687	4,737
EBIT	**12,804**	**13,502**	**14,053**	**51,382**	**14,771**	**16,993**	**18,919**
EBIT margin	**9.6%**	**10.2%**	**10.5%**	**9.7%**	**11.1%**	**12.1%**	**13.1%**
Non-operating income	4,325	-594	874	5,337	1,405	-372	-1,153
Profit Before Tax	17,129	12,908	14,927	56,719	16,176	16,621	17,766
Income tax expense	4,560	3,086	3,496	14,275	4,893	4,576	3,865
Net income from operations	**12,569**	**9,822**	**11,431**	**42,444**	**11,283**	**12,045**	**13,901**
Extraordinary income (net of taxes)	0	0	0	0	0	0	-2,724
Minority interest	-74	-56	248	-15	-118	72	34
Net Income for Common Stocks	**12,501**	**9,832**	**11,667**	**42,515**	**11,406**	**11,945**	**11,220**
Net margin	**9.4%**	**7.4%**	**8.5%**	**8.0%**	**8.5%**	**8.6%**	**9.7%**
Diluted EPS (Adj.)	**14.1**	**11.1**	**13.2**	**47.9**	**12.9**	**13.5**	**15.7**
Change (QoQ/YoY)	*46.9%*	*-21.4%*	*18.7%*	*80.2%*	*-2.2%*	*4.7%*	*16.7%*

Source: Company, JM Financial

Sequential Revenue growth was led by broad based growth in services and a large deal ramp up in European Auto OEM

Reported net income saw an impact of INR 2,724mn on account of new labor code

Exhibit 3. Vertical portfolio

	3Q25	4Q25	1Q26	2Q26	3Q26
Distribution - %					
Communications	32.5%	33.2%	33.8%	32.7%	33.1%
Manufacturing	16.8%	17.0%	17.5%	18.1%	18.3%
Hi-Tech and Media	14.3%	13.2%	13.3%	13.1%	13.2%
Banking, Financial services & Insurance	16.1%	16.7%	16.4%	16.8%	15.5%
Retail, Transport & Logistics	8.1%	8.1%	7.9%	8.5%	8.7%
Healthcare & Life Sciences	7.7%	7.3%	7.3%	7.3%	3.7%
Others	4.5%	4.5%	3.9%	3.5%	13.2%
Revenue (USDmn and QoQ growth)					
Communications	**509**	**514**	**529**	**519**	**533**
Change	-4%	1%	3%	-2%	3%
Manufacturing	**263**	**263**	**274**	**287**	**295**
Change	-4%	0%	4%	5%	3%
Hi-Tech and Media	**224**	**204**	**208**	**208**	**213**
Change	-1%	-9%	2%	0%	2%
BFSI	**252**	**259**	**257**	**266**	**250**
Change	1%	2%	-1%	4%	-6%
Retail, transport & logistics	**127**	**125**	**124**	**135**	**140**
Change	1%	-1%	-1%	9%	4%
Healthcare & Life Sciences	**121**	**113**	**114**	**116**	**119**
Change	3%	-6%	-1%	1%	3%
Others	**71**	**70**	**61**	**56**	**60**
Change	11%	-1%	-12%	-9%	7%

Source: Company, JM Financial

Exhibit 4. Geographic distribution

Revenue - USDmn	3Q25	4Q25	1Q26	2Q26	3Q26
North America	796	750	770	790	816
Change (QoQ)	-1.9%	-5.9%	2.7%	2.6%	3.1%
Europe	370	393	407	403	412
Change (QoQ)	-3.0%	6.3%	3.4%	-1.1%	2.3%
RoW	401	406	388	393	385
Change (QoQ)	1.4%	1.1%	-4.4%	1.5%	-2.2%

Source: Company, JM Financial

Exhibit 5. Key manpower metrics

	3Q25	4Q25	1Q26	2Q26	3Q26
Total	**1,50,488**	**148,731**	**148,517**	**152,714**	**149,616**
Net addition - Delivery	-3390	-1673	-214	4,197	-2,979
Delivery headcount – IT	80,865	80,609	79,987	78,528	76,194
Delivery headcount – BPO	61,053	59,636	60,278	66,095	65,450
Sales and support staff	8,570	8,486	8,252	8,091	7,972
Attrition	11.2%	10.0%	12.6%	12.8%	12.3%

Source: Company, JM Financial

Exhibit 6. Key client metrics

	3Q25	4Q25	1Q26	2Q26	3Q26
Revenue concentration					
Top 5 clients	14.8%	15.5%	15.6%	15.6%	15.2%
Top 10 clients	24.2%	24.5%	25.2%	24.3%	24.3%
Top 20 clients	75.8%	38.2%	39.0%	37.1%	377%
Relationship distribution					
USD1mn+ Clients	**540**	**540**	**529**	**520**	**521**
Change	*-5*	*0*	-11	-9	1
USD5mn+ Clients	**191**	**195**	**193**	**194**	**196**
Change	*-4*	*4*	-2	1	-2
USD10mn+ Clients	**104**	**106**	**108**	**106**	**111**
Change	*-5*	*2*	2	-2	5
USD20mn+ Clients	**61**	**59**	**60**	**63**	**64**
Change	*0*	*-2*	1	3	1
USD50mn+ Clients	**25**	**25**	**26**	**26**	**28**
Change	*0*	*0*	1	0	2

Source: Company, JM Financial

Exhibit 7. Comparison vs. other Tier 1 peers

YoY cc revenue growth	2QFY25	4QFY25	1QFY26	2QFY26	3QFY26
TCS	4.5%	4.2%	-3.1%	-3.3%	-2.6%
Infosys	6.1%	4.8%	2.4%	2.9%	1.7%
Wipro	-1.1%	1.2%	-2.3%	-2.6%	-1.2%
LTIM	5.6%	6.3%	4.4%	4.4%	5.0%
HCLtech	4.1%	2.9%	3.7%	4.6%	4.8%
TechM	**1. 3%**	**0.3%**	**-1.0%**	**-0.3%**	**1.3%**
QoQ cc revenue growth	**2QFY25**	**4QFY25**	**1QFY26**	**2QFY26**	**3QFY26**
TCS	0.0%	-0.8%	-3.3%	0.8%	0.8%
Infosys	1.7%	-3.5%	1.8%	2.2%	0.6%
Wipro	0.1%	-0.8%	-2.0%	0.3%	1.4%
LTIM	1.8%	-0.6%	0.8%	2.4%	2.1%
HCLtech	3.8%	-0.8%	-0.8%	2.4%	4.2%
TechM	**1.2%**	**-1.5%**	**-1.4%**	**1.6%**	**1.7%**
EBIT margin	**2QFY25**	**4QFY25**	**1QFY26**	**2QFY26**	**3QFY26**
TCS*	24.5%	24.2%	24.5%	25.2%	25.2%
Infosys	21.3%	21.0%	21.4%	21.0%	21.2%
Wipro*	19.5%	17.5%	17.3%	17.2%	17.6%
LTIM	13.8%	13.8%	14.3%	15.9%	15.9%
HCltech	19.5%	18.0%	16.8%	17.5%	18.6%
TechM	**10.2%**	**10.5%**	**11.1%**	**12.1%**	**13.1%**

Note: *Excludes one-off restructuring expense for TCS. In 2QFY26. Adjusted for one-off client bankruptcy in Wipro for 2QFY26.
Source: Company, JM Financial estimates

Maintain ADD, TP revised to INR 1,780

We revise our revenue cc YoY growth expectations up by 60bps for FY26-FY27E. We now forecast cc YoY growth of 0.8%-5.4% over FY26-28E. We have revised our EBIT margins estimates higher by 17bps-21bps over FY26-28E. Margins beat expectations in 3QFY26 and our FY26E margin estimate has seen an increase. Direct cost esimates have been cut slightly and SG&A expenses and have seen decreases. We now build EBIT margin of 14.2% for FY27E vs. management's stated target of 15%. Higher growth and margins assumptions drive increases to our EPS. Our PAT/EPS estimates are revised by 1-3.6%. We continue to value TechM at 22x (on 24 M fwd EPS) and maintain ADD with a revised TP of 1,780 (from 1,710 earlier).

Exhibit 8. What has changed

	Old			New			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Exchange rate (INR/USD)	88.09	89.50	90.00	88.14	89.50	90.00	*0.1%*	*0.0%*	*0.0%*
Revenue growth YoY CC	0.2%	4.4%	5.4%	0.8%	4.9%	5.4%	*61bp*	*60bp*	*9bp*
Consolidated revenue (USD mn)	6,334	6,581	6,934	6,380	6,668	7,031	*0.7%*	*1.3%*	*1.4%*
Growth in USD revenues (YoY)	1.1%	3.9%	5.4%	1.9%	4.5%	5.4%	*74bp*	*60bp*	*9bp*
Consolidated revenue (INR mn)	557,947	589,015	624,037	562,353	596,743	632,749	*0.8%*	*1.3%*	*1.4%*
EBITDA margin	15.7%	17.3%	18.2%	15.9%	17.5%	18.4%	*13bp*	*18bp*	*20bp*
EBIT margin	12.4%	14.0%	15.0%	12.5%	14.2%	15.2%	*17bp*	*19bp*	*21bp*
PAT (INR mn)	52,082	63,372	71,032	52,688	65,651	73,634	*1.2%*	*3.6%*	*3.7%*
EPS	58.7	71.4	80.0	59.4	73.9	82.9	*1.1%*	*3.5%*	*3.6%*

Source: JM Financial estimates

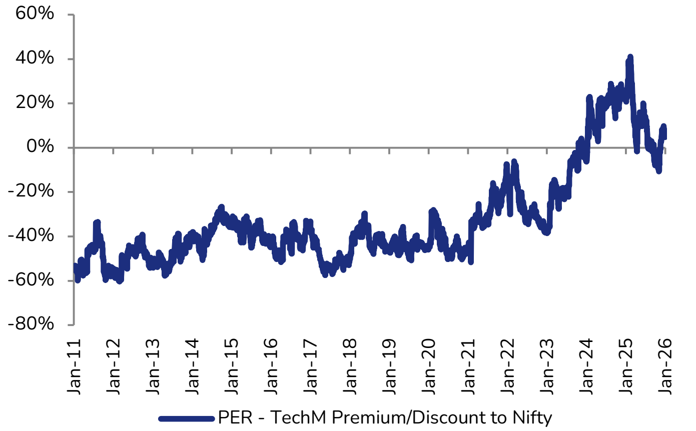
Exhibit 9. JMFe vs. Consensus estimates

	Consensus			JMFe			Difference		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales (USD mn)	6,203	6,608	7,034	6,380	6,668	7,031	3%	1%	0%
Sales (INR mn)	559,827	596,374	634,759	562,353	596,743	632,749	0%	0%	0%
EBITDA (INR mn)	87,339	102,758	112,723	89,143	104,178	116,323	2%	1%	3%
EBITDA margin (%)	15.6%	17.2%	17.8%	15.9%	17.5%	18.4%	25bp	23bp	63bp
EBIT (INR mn)	68,475	83,434	92,694	70,479	84,501	96,349	3%	1%	4%
EBIT margin (%)	12.2%	14.0%	14.6%	12.5%	14.2%	15.2%	30bp	17bp	62bp
EPS (INR)	58.1	73.5	82.3	59.4	73.9	82.9	2%	1%	1%

Note: cons. estimates as on 12th Jan26 and may not reflect changes post results. Source: Visible Alpha, JM Financial estimates

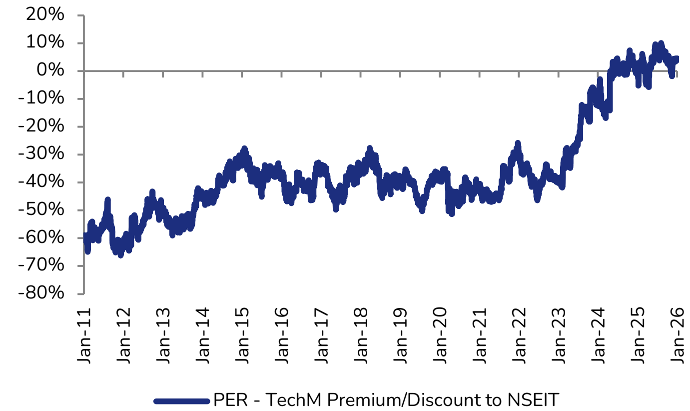
Valuation Charts

Exhibit 10. TechM: Valuation premium/discount to Nifty



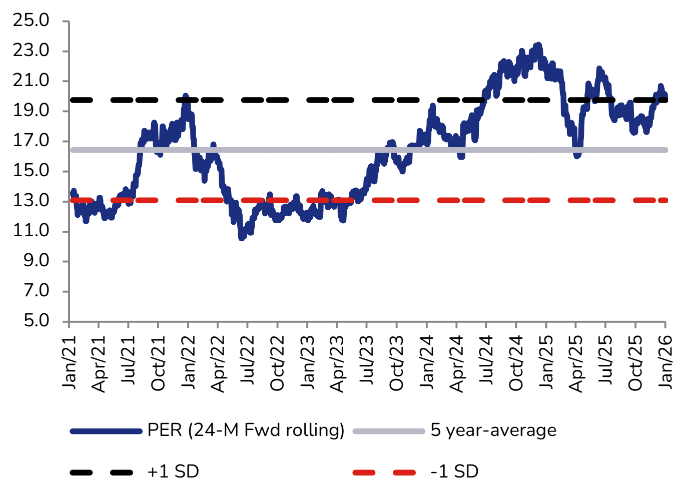
Source: Bloomberg, JM Financial

Exhibit 11. TechM: Valuation premium/discount to NSE IT



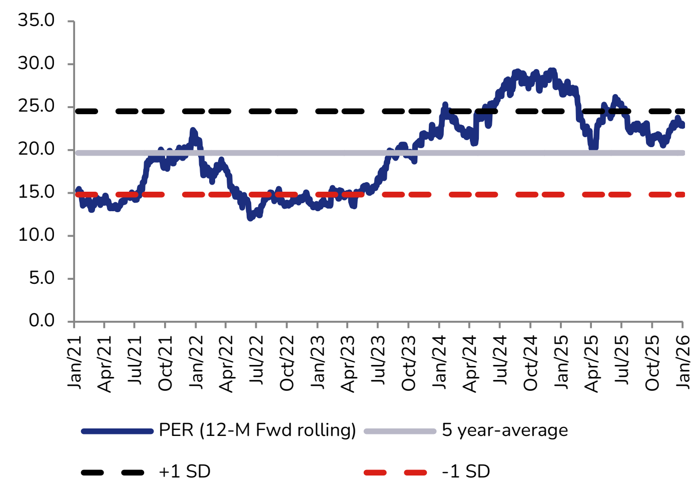
Source: Bloomberg, JM Financial

Exhibit 12. TechM: Price-to-24M Fwd earnings valuation chart



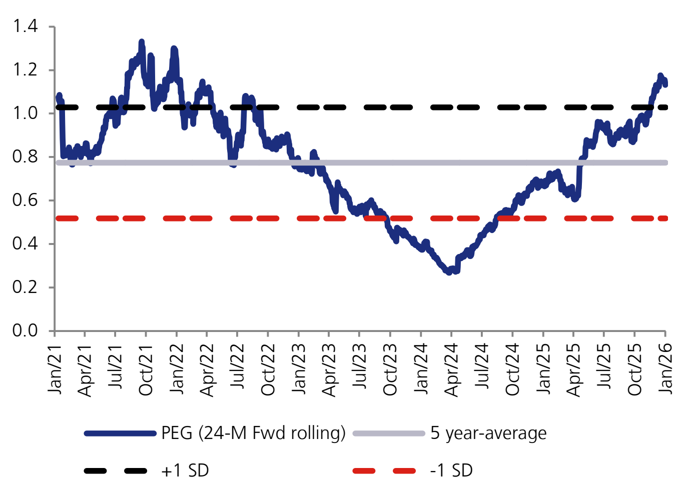
Source: Bloomberg, JM Financial

Exhibit 13. TechM: Price-to-12M Fwd earnings valuation chart



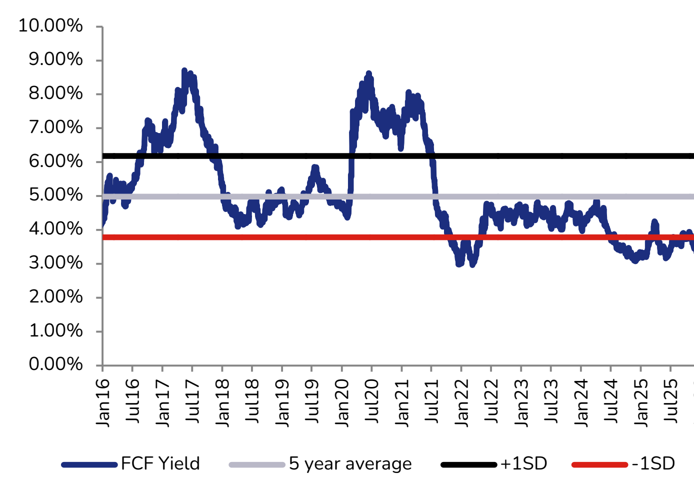
Source: Bloomberg, JM Financial

Exhibit 14. TechM: 24M Fwd PEG chart



Source: Bloomberg, JM Financial

Exhibit 15. TechM: LTM FCF Yield



Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	5,19,955	5,29,883	5,62,353	5,96,743	6,32,749
Sales Growth	*-2.4%*	*1.9%*	*6.1%*	*6.1%*	*6.0%*
Other Operating Income	0	0	0	0	0
Total Revenue	**5,19,955**	**5,29,883**	**5,62,353**	**5,96,743**	**6,32,749**
Cost of Goods Sold/Op. Exp	3,91,147	3,80,848	3,95,461	4,11,716	4,32,270
Personnel Cost	0	0	0	0	0
Other Expenses	79,163	79,124	77,748	80,849	84,156
EBITDA	**49,645**	**69,911**	**89,143**	**1,04,178**	**1,16,323**
EBITDA Margin	*9.5%*	*13.2%*	*15.9%*	*17.5%*	*18.4%*
EBITDA Growth	*-38.2%*	*40.8%*	*27.5%*	*16.9%*	*11.7%*
Depn. & Amort.	18,171	18,529	18,664	19,677	19,974
EBIT	31,474	51,382	70,479	84,501	96,349
Other Income	5,247	5,337	860	4,329	3,280
Finance Cost	0	0	0	0	0
PBT before Excep. & Forex	36,721	56,719	71,340	88,830	99,629
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	36,721	56,719	71,340	88,830	99,629
Taxes	11,707	14,275	18,632	23,200	26,021
Extraordinary Inc./Loss(-)	-1,151	0	-2,724	0	0
Assoc. Profit/Min. Int.(-)	495	101	10	51	55
Reported Net Profit	23,578	42,515	49,964	65,651	73,634
Adjusted Net Profit	**24,729**	**42,515**	**52,688**	**65,651**	**73,634**
Net Margin	*4.8%*	*8.0%*	*9.4%*	*11.0%*	*11.6%*
Diluted Share Cap. (mn)	885.8	884.8	890.2	890.2	890.2
Diluted EPS (INR)	**27.9**	**47.9**	**59.4**	**73.9**	**82.9**
Diluted EPS Growth	*-49.1%*	*71.8%*	*23.9%*	*24.6%*	*12.2%*
Total Dividend + Tax	35,217	39,644	44,424	57,954	66,870
Dividend Per Share (INR)	39.7	44.7	50.1	65.3	75.3

Source: Company, JM Financial

Cash Flow Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	32,244	56,532	71,340	88,830	99,629
Depn. & Amort.	18,171	18,529	18,664	19,677	19,974
Net Interest Exp. / Inc. (-)	3,922	3,217	3,040	804	804
Inc (-) / Dec in WCap.	12,977	-2,662	5,881	-14,433	1,064
Others	8,909	-3,002	-3,921	-5,111	-4,059
Taxes Paid	-12,469	-14,744	-18,632	-23,200	-26,021
Operating Cash Flow	**63,754**	**57,870**	**76,372**	**66,566**	**91,392**
Capex	-7,911	-5,935	-20,064	-20,346	-20,108
Free Cash Flow	*55,843*	*51,935*	*56,308*	*46,220*	*71,284*
Inc (-) / Dec in Investments	1,502	1,999	-1,940	0	0
Others	760	5,324	3,901	5,132	4,084
Investing Cash Flow	**-5,649**	**1,388**	**-18,103**	**-15,214**	**-16,024**
Inc / Dec (-) in Capital	238	90	221	0	0
Dividend + Tax thereon	-39,170	-38,418	-44,424	-57,954	-66,870
Inc / Dec (-) in Loans	-688	-10,751	1,499	0	-930
Others	-3,507	-2,636	-3,040	-804	-804
Financing Cash Flow	**-43,127**	**-51,715**	**-45,744**	**-58,757**	**-68,603**
Inc / Dec (-) in Cash	**14,978**	**7,543**	**12,524**	**-7,405**	**6,764**
Opening Cash Balance	70,758	75,470	74,350	66,382	58,977
Closing Cash Balance	85,736	83,013	86,874	58,977	65,741

Source: Company, JM Financial

Balance Sheet (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	2,66,694	2,73,615	2,59,451	2,67,148	2,73,912
Share Capital	4,413	4,424	4,428	4,428	4,428
Reserves & Surplus	2,62,281	2,69,191	2,55,023	2,62,720	2,69,484
Preference Share Capital	0	0	0	0	0
Minority Interest	4,774	4,302	4,519	4,519	4,519
Total Loans	36,602	40,288	47,968	49,042	49,237
Def. Tax Liab. / Assets (-)	-14,396	-18,573	-21,469	-21,469	-21,469
Total - Equity & Liab.	**2,93,674**	**2,99,632**	**2,90,469**	**2,99,240**	**3,06,199**
Net Fixed Assets	1,30,436	1,24,835	1,26,235	1,26,904	1,27,039
Gross Fixed Assets	26,290	24,145	25,043	25,712	25,847
Intangible Assets	1,03,135	1,00,484	1,00,674	1,00,674	1,00,674
Less: Depn. & Amort.	0	0	0	0	0
Capital WIP	1,011	206	518	518	518
Investments	4,583	2,893	899	899	899
Current Assets	2,84,821	2,98,644	3,00,730	3,16,859	3,32,088
Inventories	375	394	917	917	917
Sundry Debtors	1,54,410	1,57,925	1,66,209	1,86,812	1,92,208
Cash & Bank Balances	75,470	74,350	66,382	58,977	65,741
Loans & Advances	4,319	4,123	4,452	4,724	5,009
Other Current Assets	50,247	61,852	62,770	65,429	68,213
Current Liab. & Prov.	1,26,166	1,26,740	1,37,395	1,45,423	1,53,827
Current Liabilities	1,14,794	1,13,970	1,24,567	1,31,810	1,39,392
Provisions & Others	11,372	12,770	12,829	13,613	14,435
Net Current Assets	1,58,655	1,71,904	1,63,334	1,71,437	1,78,261
Total – Assets	**2,93,674**	**2,99,632**	**2,90,469**	**2,99,240**	**3,06,199**

Source: Company, JM Financial

Dupont Analysis

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	4.8%	8.0%	9.4%	11.0%	11.6%
Asset Turnover (x)	1.6	1.7	1.8	1.9	2.0
Leverage Factor (x)	1.2	1.2	1.2	1.2	1.2
RoE	9.1%	15.7%	19.8%	24.9%	27.2%

Key Ratios

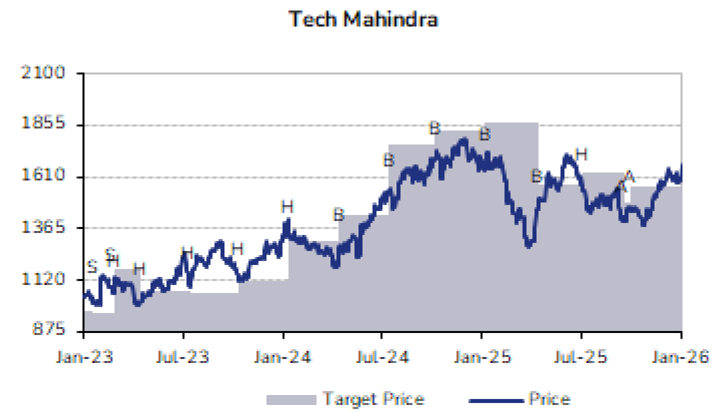
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	300.9	308.5	292.3	300.9	308.5
ROIC	8.9%	16.4%	21.4%	24.7%	27.3%
ROE	9.1%	15.7%	19.8%	24.9%	27.2%
Net Debt/Equity (x)	-0.1	-0.1	-0.1	0.0	-0.1
P/E (x)	57.4	34.9	28.1	22.6	20.1
P/B (x)	5.3	5.4	5.7	5.6	5.4
EV/EBITDA (x)	27.7	20.6	16.3	14.1	12.5
EV/Sales (x)	2.6	2.7	2.6	2.5	2.3
Debtor days	108	109	108	114	111
Inventory days	0	0	1	1	1
Creditor days	89	90	96	98	99

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
9-Dec-22	Sell	970	
30-Jan-23	Sell	960	-1.0
4-Mar-23	Sell	960	0.0
12-Mar-23	Hold	1,170	21.9
28-Apr-23	Hold	1,070	-8.5
27-Jul-23	Hold	1,060	-0.9
26-Oct-23	Hold	1,120	5.7
25-Jan-24	Hold	1,310	17.0
26-Apr-24	Buy	1,430	9.2
26-Jul-24	Buy	1,760	23.1
20-Oct-24	Buy	1,830	4.0
18-Jan-25	Buy	1,870	2.2
25-Apr-25	Buy	1,570	-16.0
17-Jul-25	Hold	1,630	3.8
1-Oct-25	Add	1,490	-8.6
15-Oct-25	Add	1,560	4.7

Recommendation History



APPENDIX I

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New Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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