Tech Mahindra | ADD

Transformation phase 2 - A litmus test?

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TECHM reported 1.6% cc QoQ growth (JMFe: 1%), its highest sequential growth in past three years. This reflects, in our view, contribution of improved deal wins in past few quarters, stability in its top telco account, limited client-specific challenges (barring one EU telco) and its focussed efforts on mining USD 20mn+ accounts. These, along with seasonality – holiday season in 3Q and Comviva in 4Q – likely inform its better 2H outlook as well. That said, by management's own admission, growth acceleration in FY26 and possibly FY27 is tracking below what they had assumed at FY25-beginning. Besides, their commentary that in the absence of discretionary pick-up, TCV run-rate needs to step up to USD 1bn (from c.USD 800mn currently) for them to achieve their growth target suggests FY27 growth visibility is limited at this stage. We therefore cut our FY27E USD revenue growth to 4.6% cc (from 5%), aligned with that of larger peers. Margin expansion, on the other hand, has so far been de-linked with growth/macro, as it was led mainly through G&A optimisation. Now with incremental expansion dependent more on gross margin expansion, growth will likely play a role. We have therefore largely retained our FY27 EBIT margin estimate despite 2Q beat. Besides, higher tax rate drives 2-3% cut to our FY26-27E EPS. TECHM's consistent progress towards its stated goals is impressive, though well discounted in the price. Incremental re-rating/EPS upgrades should therefore track improvement in growth visibility, in our view. We retain ADD.

- **2QFY26 – Strong performance:** Revenues grew 1.6% cc QoQ vs JMFe/Cons. est of 1%. Growth was led by retail and logistics (+9% USD), Manufacturing (5%) and BFSI (4%). Among geographies, Americas grew 2.6% QoQ but declined 2.7% YoY due to challenging macro, EU grew 5.7% YoY while ROW was stable YoY. EBIT margin expanded 108bps QoQ to 12.1% vs JMFe/Cons. est of 11.1%. Margin expansion was driven by productivity gains in FPP, better volumes, SG&A optimisation (SG&A was down 50bps QOQ) and FX, FX aided margins by 40bps. PAT came in at INR 11.9bn - 4.7% QoQ/3% YoY (vs JMFe/Cons. est of INR 12.9bn). Adjusting for the exceptional item (sale of land) in 2QFY25, PAT growth was 36% YoY. PAT was impacted by lower other income due to FX losses. On the supply side, headcount grew by 4.2k sequentially (-1309 YoY) in 2Q led by addition in BPO, Onsite mix increased 30bps and attrition came in at 12.8% (vs. 12.6% in 1Q). The company announced a dividend of INR 15.

- **Outlook – 2H better than 1H:** TECHM won USD 816mn in net new TCV (LTM TCV: USD 3.17bn; +57% YoY). Deal wins were broad-based across across communications, manufacturing, BFSI, retail, and logistics verticals. Management indicated that above industry growth in FY27 would hinge on either deal wins (net new) nearing the USD 1bn mark or discretionary demand picking up. While FY27 growth outlook has been moderated versus initial expectations at the start of FY25, it is expected to be better than FY26. 2H26 is expected to be stronger than 1H, driven by ramp up of deal wins and focused efforts towards larger clients. Management remains committed to their FY27 EBIT margin target despite lowered growth outlook for FY27. Further EBIT margin expansion will involve greater effort, with incremental expansion expected primarily from improvement in gross margins. Productivity in FPP, delivery optimization and integration of portfolio companies are expected to be key margin levers.

- **EPS revised (3%)-1%; Retain ADD:** We have marginally lowered revenue est. to align growth rates with large cap peers. It also reflects management view that deal TCV needs to improve to USD 1bn (from USD 800mn currently) to drive industry leading growth. Our FY26-27E EPS is revised lower by (3%)-1% due to higher tax rate/ finance cost assumptions. Maintain ADD.

Recommendation and Price Target	
Current Reco.	ADD
Previous Reco.	ADD
Current Price Target (12M)	1,560
Upside/(Downside)	6.3%
Previous Price Target	1,490
Change	4.7%

Key Data – TECHM IN	
Current Market Price	INR1,468
Market cap (bn)	INR1,438.0/US$16.2
Free Float	54%
Shares in issue (mn)	879.9
Diluted share (mn)	885.6
3-mon avg daily val (mn)	INR2,837.0/US$31.9
52-week range	1,808/1,209
Sensex/Nifty	82,030/25,146
INR/US$	88.8

Price Performance			
%	1M	6M	12M
Absolute	-3.8	14.5	-13.3
Relative*	-4.1	7.1	-13.5

** To the BSE Sensex*

Financial Summary (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	5,19,955	5,29,883	5,58,664	5,90,481	6,28,018
Sales Growth (%)	-2.4	1.9	5.4	5.7	6.4
EBITDA	49,645	69,911	87,300	1,03,896	1,15,869
EBITDA Margin (%)	9.5	13.2	15.6	17.6	18.5
Adjusted Net Profit	24,729	42,515	51,763	64,866	72,779
Diluted EPS (INR)	27.9	47.9	58.3	73.1	82.0
Diluted EPS Growth (%)	-49.1	71.8	21.7	25.3	12.2
ROIC (%)	8.9	16.4	20.8	24.7	27.3
ROE (%)	9.1	15.7	18.9	23.5	25.6
P/E (x)	52.6	30.6	25.2	20.1	17.9
P/B (x)	4.9	4.8	4.8	4.6	4.5
EV/EBITDA (x)	25.3	18.1	14.4	12.2	10.9
Dividend Yield (%)	2.7	3.0	3.4	4.4	5.1

Source: Company data, JM Financial. Note: Valuations as of 14/Oct/2025

Key Highlights from the call

- **Demand:** TECH M reported 1.6% QoQ growth in CC terms during Q2 FY26, marking its strongest quarterly performance in ten quarters. Management highlighted broad-based traction across manufacturing, BFSI, retail, transport & logistics, and healthcare. Communications declined sequentially, however largest client grew ahead of company average. Leadership noted that the demand environment remains mixed but improving, with positive leading indicators such as healthier pipelines and stronger conversion rates. Underlying progress was driven by disciplined execution, expanding client relationships, and early benefits from transformation initiatives.

- **Outlook:** The company reiterated confidence in its strategic roadmap, noting that it is midway through the three-year transformation journey. Management expects revenue growth to strengthen in 2H FY26, aided by broad-based deal momentum, improved visibility, and a healthier order conversion cycle. While macro uncertainty persists, management remains constructive on FY27, expecting performance to improve versus FY26. Leadership reiterated its commitment to sustained margin expansion and profitable growth, with calibrated investments aligned to growth opportunities.

2HFY26 is expected to be stronger than 1HFY26 given deal momentum and visibility

- **Margin**: EBIT margin improved 108 bps QoQ to 12.1%, marking the eighth consecutive quarter of expansion. Margin improvement was driven by productivity gains in fixed-price projects, volume growth, and SG&A optimization, partly supported by a 40 bps currency tailwind. Other income was lower in the quarter due to FX losses. USD 32mn of mark to market losses wer booked in the quarter on account of FX, out of this USD 7mn was booked in the P&L. Management attributed the steady margin progression to operating discipline under Project Fortius and continued portfolio integration benefits.

FPP productivity, volumes, SG&A and currency tailwinds (40bps) aided margins. Other income was lower due to FX mark to market losses

- **Margin outlook:** Management reaffirmed its commitment to deliver sequential margin expansion and achieve the 15% EBIT margin target by FY27. They indicated that incremental gains would increasingly come from gross margin improvement- led by fixed-price productivity, delivery optimization, and value-based pricing- while SG&A efficiencies will taper as integration benefits normalize. Leadership highlighted calibrated investments to balance profitability and growth, noting that slower macro conditions could make near-term expansion difficult but proactive planning would keep long-term trajectory intact.

Further expansion relatively difficult, however management is confident on meeting the target for FY27 on the back of proactive planning

- **Segments:** Vertical performance was broad-based. Manufacturing grew 5.2% YoY, driven by strong traction in aerospace & industrial segments, while automotive remained stable with caution around commercial vehicles. BFSI grew 6.2% YoY on the back of domain-focused growth. New partnerships such as JP Morgan Payments Systems helped. Retail, transport & logistics delivered 7% YoY growth supported by e-commerce, automation, and last-mile delivery mandates. Regionally, Europe grew 5.5% YoY, Americas declined 2.7%, and ROW fell 0.5%. The USD 20mn+ client bucket continued to deliver above-company growth, crossing USD 1bn in revenue contribution during the quarter, reflecting sustained traction among large strategic accounts. Additionally, the company noted that it has added 57 must have accounts in FY25 and secured additional 21 such accounts in 1H26. Out of this 17 have already delivered greater than USD 1mn in revenue. Weakness in smaller client cohorts was attributed to tail rationalisation, TECHM noted that they are prioritising must have and sustainable accounts over lower value clients.

Broad based growth, USD 20mn+ client cohort crossed the USD1bn mark. Smaller client cohort seeing tail rationalisation and shift towards must have accounts

- **Bookings:** TECHM closed net new TCV of USD 816 mn in Q2, representing 57% growth YoY on an LTM basis. Wins were broad-based across communications, manufacturing, BFSI, retail, and logistics. Management highlighted that discretionary demand and smaller deal activity remain muted; hence, achieving better-than or near-industry growth in FY27 would require the company to inch closer to the USD 1bn quarterly deal-win mark. If discretionary and smaller deal activity revives, this growth could be delivered even with a lower deal-win number. Leadership emphasized that conversion rates are improving, and the pipeline remains robust, providing visibility into 2H recovery.

Bookings (net new) would need to inch closer to the USD 1bn mark for TECHM to reach industry leading growth in the currently subdued environment for discretionary demand

- **AI strtegy:** TECH M continues to progress on its AI strategy. The company was named a key player in India's AI Mission and is co-developing a sovereign LLM with 1 trillion parameters—one of the largest globally. It launched TechM Orion, an agentic AI platform built on NVIDIA accelerated computing, and Orion Marketplace, a catalog of AI agents enabling autonomous and assisted enterprise workflows. Management noted that AI commercial models combining AI and services are being piloted. TechM was recognized as a Leader in Gartner's Emerging Market Quadrant for GenAI Consulting and Implementation, underscoring the company's leadership in enterprise AI adoption.

- **Supply:** Visa dependence remains low (<1% of global workforce on H-1B; c.45% of revenue from US), and the company expects no margin impact from recent US policy changes. They are working to retain the employees in near shore locations. Leadership reiterated that integration synergies and operational rigor including pooling support functions will continue to drive margins.

Exhibit 1. 2Q26 Result Summary

	1Q26 A	4Q25 A	*Change (QoQ)*	Estimate (JMFe)	*Variance (vs. JMFe)*	Estimate (Consensus)	*Variance (vs. consensus)*	*QoQ estimate*	
								JMFe	*Consensus*
USD-INR	88.24	85.34	3.4%	87.37	1.0%	87.43	0.9%	2.4%	2.4%
CC Revenue Growth (QoQ)	1.6%	-1.4%		1.0%	61bp	1.0%	60bp	1.0%	1.0%
Revenue (USD mn)	1,586	1,564	1.4%	1,585	0.1%	1,583	0.2%	1.3%	1.2%
Revenue (INR mn)	139,949	133,512	4.8%	138,459	1.1%	138,403	1.1%	3.7%	3.7%
EBIT (INR mn)	16,993	14,771	15.0%	16,317	4.1%	16,332	4.1%	10.5%	10.6%
EBIT margin	12.1%	11.1%	108bp	11.8%	36bp	11.8%	34bp	72bp	74bp
PAT - adjusted (INR mn)	11,945	11,406	4.7%	12,874	-7.2%	12,871	-7.2%	12.9%	12.8%
EPS - adjusted(INR)	13.5	12.9	4.7%	14.5	-7.2%	14.5	-7.1%	12.9%	12.7%

Source: Company, JM Financial estimates

2QFY26 result review

Exhibit 2. Key financials

(INR mn)	1Q25	2Q25	3Q25	4Q25	FY25	1Q26	2Q26
Cons. revenues (USD mn)	**1,559**	**1,589**	**1,567**	**1,549**	**6,264**	**1,564**	**1,586**
Change (QoQ/YoY)	*0.7%*	*1.9%*	*-1.3%*	*-1.2%*	*-0.2%*	*1.0%*	*1.4%*
Cons. Revenues	**1,30,055**	**133,132**	**132,856**	**133,840**	**529,883**	**133,512**	**139,949**
Change (QoQ/YoY)	*1.0%*	*2.4%*	*-0.2%*	*0.7%*	*1.9%*	*-0.2%*	*4.8%*
Cost of services	95,532	95,957	94,559	94,800	380,848	95,236	99,159
Gross profit	**34,523**	**37,175**	**38,297**	**39,040**	**149,035**	**38,276**	**40,790**
Gross margin	**26.5%**	**27.9%**	**28.8%**	**29.2%**	**28.1%**	**28.7%**	**29.1%**
Operating expenses	18,878	19,673	20,207	20,366	79,124	18,924	19,110
EBITDA	**15,645**	**17,502**	**18,090**	**18,674**	**69,911**	**19,352**	**21,680**
EBITDA margin	**12.0%**	**13.1%**	**13.6%**	**14.0%**	**13.2%**	**14.5%**	**15.5%**
Depreciation	4,622	4,698	4,588	4,621	18,529	4,581	4,687
EBIT	**11,023**	**12,804**	**13,502**	**14,053**	**51,382**	**14,771**	**16,993**
EBIT margin	**8.5%**	**9.6%**	**10.2%**	**10.5%**	**9.7%**	**11.1%**	**12.1%**
Non-operating income	732	4,325	-594	874	5,337	1,405	-372
Profit Before Tax	11,755	17,129	12,908	14,927	56,719	16,176	16,621
Income tax expense	3,133	4,560	3,086	3,496	14,275	4,893	4,576
Net income from operations	**8,622**	**12,569**	**9,822**	**11,431**	**42,444**	**11,283**	**12,045**
Extraordinary income (net of taxes)	0	0	0	0	0	0	0
Minority interest	-133	-74	-56	248	-15	-118	72
Net Income for Common Stocks	**8,515**	**12,501**	**9,832**	**11,667**	**42,515**	**11,406**	**11,945**
Net margin	**6.6%**	**9.4%**	**7.4%**	**8.5%**	**8.0%**	**8.5%**	**8.6%**
Diluted EPS	**9.6**	**14.1**	**11.1**	**13.2**	**47.9**	**12.9**	**13.5**
Change (QoQ/YoY)	*28.8%*	*46.9%*	*-21.4%*	*18.7%*	*80.2%*	*-2.2%*	*4.7%*

Source: Company, JM Financial

Sequential Revenue growth was led by Retail and logistics, manufacturing and BFSI verticals.

Manufacturing grew 5% QoQ with traction in Aerospace and industrial, Automotive saw caution especially in Commercial vehicles while passenger segment saw signs of stability

EBIT margin: +108 bps QoQ

Tailwinds were FPP productivity, FX tailwinds (40bps) and reduction in SG&A

Exhibit 3. Vertical portfolio

	2Q25	3Q25	4Q25	1Q26	2Q26
Distribution - %					
Communications	33.4%	32.5%	33.2%	33.8%	32.7%
Manufacturing	17.2%	16.8%	17.0%	17.5%	18.1%
Hi-Tech and Media	14.3%	14.3%	13.2%	13.3%	13.1%
Banking, Financial services & Insurance	15.8%	16.1%	16.7%	16.4%	16.8%
Retail, Transport & Logistics	7.9%	8.1%	8.1%	7.9%	8.5%
Healthcare & Life Sciences	7.4%	7.7%	7.3%	7.3%	7.3%
Others	4.0%	4.5%	4.5%	3.9%	3.5%
Revenue (USDmn and QoQ growth)					
Communications	**531**	**509**	**514**	**529**	**519**
Change	3%	-4%	1%	3%	-2%
Manufacturing	**273**	**263**	**263**	**274**	**287**
Change	-4%	-4%	0%	4%	5%
Hi-Tech and Media	**227**	**224**	**204**	**208**	**208**
Change	6%	-1%	-9%	2%	0%
BFSI	**251**	**252**	**259**	**257**	**266**
Change	3%	1%	2%	-1%	4%
Retail, transport & logistics	**126**	**127**	**125**	**124**	**135**
Change	5%	1%	-1%	-1%	9%
Healthcare & Life Sciences	**118**	**121**	**113**	**114**	**116**
Change	-2%	3%	-6%	-1%	1%
Others	**64**	**71**	**70**	**61**	**56**
Change	14.3%	11%	-1%	-12%	-9%

Source: Company, JM Financial

Exhibit 4. Geographic distribution

Revenue - USDmn	2Q25	3Q25	4Q25	1Q26	2Q26
North America	812	796	750	770	790
Change (QoQ)	-1%	-1.9%	-5.9%	2.7%	2.6%
Europe	381	370	393	407	403
Change (QoQ)	4%	-3.0%	6.3%	3.4%	-1.1%
RoW	396	401	406	388	393
Change (QoQ)	5%	1.4%	1.1%	-4.4%	1.5%

Source: Company, JM Financial

Exhibit 5. Key manpower metrics

	2Q25	3Q25	4Q25	1Q26	2Q26
Total	**1,54,273**	**1,50,488**	**148,731**	**148,517**	**152,714**
Net addition - Delivery	6,714	-3390	-1673	-214	4,197
Delivery headcount – IT	80,618	80,865	80,609	79,987	78,528
Delivery headcount – BPO	64,690	61,053	59,636	60,278	66,095
Sales and support staff	8,715	8,570	8,486	8,252	8,091
Attrition	11.0%	11.2%	10.0%	12.6%	12.8%

Source: Company, JM Financial

Exhibit 6. Key client metrics

	2Q25	3Q25	4Q25	1Q26	2Q26
Revenue concentration					
Top 5 clients	15.5%	14.8%	15.5%	15.6%	15.6%
Top 10 clients	25.1%	24.2%	24.5%	25.2%	24.3%
Non-Top10 clients	74.9%	75.8%	38.2%	39.0%	37.1%
Relationship distribution					
USD1mn+ Clients	**545**	**540**	**540**	**529**	**520**
Change	*0*	*-5*	*0*	-11	-9
USD5mn+ Clients	**195**	**191**	**195**	**193**	**194**
Change	*4*	*-4*	*4*	-2	1
USD10mn+ Clients	**109**	**104**	**106**	**108**	**106**
Change	*-4*	*-5*	*2*	2	-2
USD20mn+ Clients	**61**	**61**	**59**	**60**	**63**
Change	*0*	*0*	*-2*	1	3
USD50mn+ Clients	**25**	**25**	**25**	**26**	**26**
Change	*1*	*0*	*0*	1	0

Source: Company, JM Financial

Exhibit 7. Comparison vs. other Tier 1 peers

YoY cc revenue growth	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
TCS	5.5%	4.5%	2.5%	-3.1%	-3.3%
Infosys*	3.3%	6.1%	4.8%	3.8%	2.0%
Wipro*	-2.3%	-0.7%	-1.2%	-2.3%	-3.1%
LTIM*	4.4%	5.6%	6.3%	4.4%	4.3%
HCLtech	6.2%	4.1%	2.9%	3.7%	4.6%
TechM	**2.2%**	**1. 3%**	**0.3%**	**-1.0%**	**-0.3%**
QoQ cc revenue growth	**1QFY25**	**2QFY25**	**4QFY25**	**1QFY26**	**2QFY26**
TCS	1.1%	0.0%	-0.8%	-3.3%	0.8%
Infosys*	3.1%	1.7%	-3.5%	2.6%	1.7%
Wipro*	0.6%	0.1%	-0.8%	-2.0%	0.0%
LTIM*	2.3%	1.8%	-0.6%	0.8%	2.2%
HCLtech	1.6%	3.8%	-0.8%	-0.8%	2.4%
TechM	**0.7%**	**1.2%**	**-1.5%**	**-1.4%**	**1.6%**
EBIT margin	**1QFY25**	**2QFY25**	**4QFY25**	**1QFY26**	**2QFY26**
TCS	24.1%	24.5%	24.2%	24.5%	25.2%
Infosys*	21.1%	21.3%	21.0%	20.8%	21.3%
Wipro*	16.8%	17.5%	17.5%	17.3%	16.6%
LTIM*	15.5%	13.8%	13.8%	14.3%	15.0%
HCltech	18.6%	19.5%	18.0%	16.8%	17.2%
TechM	**9.6%**	**10.2%**	**10.5%**	**11.1%**	**12.1%**

Note: *JM Financial estimates for Infosys, Wipro and LTIM in 2QFY26. Source: Company, JM Financial estimates

Maintain ADD, TP revised to INR 1,560

We revise our revenue cc YoY growth expectations down by 43bps for FY27E. We now forecast cc YoY growth of 0.3%-6.3% over FY26-28E. Telecom revenues are expected to grow 1%-5%, while non-telecom revenues are expected to grow 2%-7%. We have revised our EBIT margins estimates higher by 6bps-66bps over FY26-28E. Margins beat expectations in 2QFY26 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 14.3% for FY27E vs. management's stated target of 15%. Lowered growth assumptions and lowered other income estimates have driven cuts to our EPS. Our PAT/EPS estimates are revised by (3.1%)-0.8%. We raise our target multiple for TechM to 21x (on 12 M fwd EPS) and maintain ADD with a revised TP of 1,560 (from 1,490 earlier).

Exhibit 8. What has changed

	Old			New			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Exchange rate (INR/USD)	87.45	88.50	88.50	87.66	88.50	88.50	*0.2%*	*0.0%*	*0.0%*
Revenue growth YoY CC	0.3%	5.0%	6.3%	0.4%	4.6%	6.4%	*4bp*	*-43bp*	*2bp*
Consolidated revenue (USD mn)	6,380	6,706	7,131	6,373	6,672	7,096	*-0.1%*	*-0.5%*	*-0.5%*
Growth in USD revenues (YoY)	1.8%	5.1%	6.3%	1.7%	4.7%	6.4%	*-10bp*	*-43bp*	*2bp*
Consolidated revenue (INR mn)	557,860	593,519	631,109	558,664	590,481	628,018	*0.1%*	*-0.5%*	*-0.5%*
EBITDA margin	15.4%	17.5%	18.0%	15.6%	17.6%	18.5%	*22bp*	*7bp*	*45bp*
EBIT margin	12.1%	14.2%	14.6%	12.3%	14.3%	15.3%	*20bp*	*6bp*	*66bp*
PAT (INR mn)	52,953	66,940	72,141	51,763	64,866	72,779	*-2.2%*	*-3.1%*	*0.9%*
EPS	59.7	75.5	81.3	58.3	73.1	82.0	*-2.3%*	*-3.1%*	*0.8%*

Source: JM Financial estimates

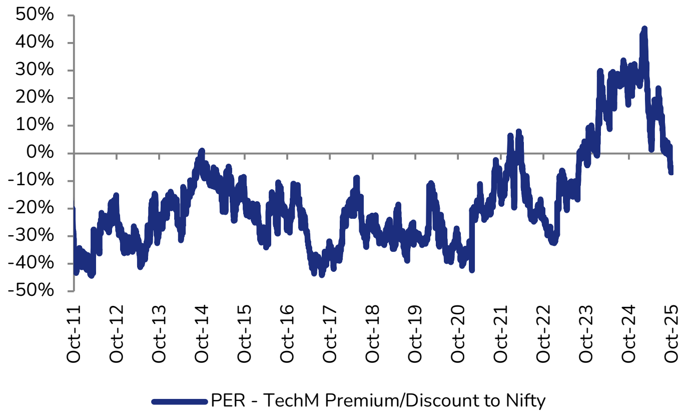
Exhibit 9. JMFe vs. Consensus estimates

	Consensus			JMFe			Difference		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales (USD mn)	6,222	6,664	7,120	6,373	6,672	7,096	2%	0%	0%
Sales (INR mn)	551,774	590,921	631,400	558,664	590,481	628,018	1%	0%	-1%
EBITDA (INR mn)	85,352	101,010	111,223	87,300	103,896	115,869	2%	3%	4%
EBITDA margin (%)	15.5%	17.1%	17.6%	15.6%	17.6%	18.5%	16bp	50bp	83bp
EBIT (INR mn)	66,548	81,432	90,926	68,567	84,392	96,095	3%	4%	6%
EBIT margin (%)	12.1%	13.8%	14.4%	12.3%	14.3%	15.3%	21bp	51bp	90bp
EPS (INR)	59.5	73.2	82.1	58.3	73.1	82.0	-2%	0%	0%

Source: Visible Alpha, JM Financial estimates

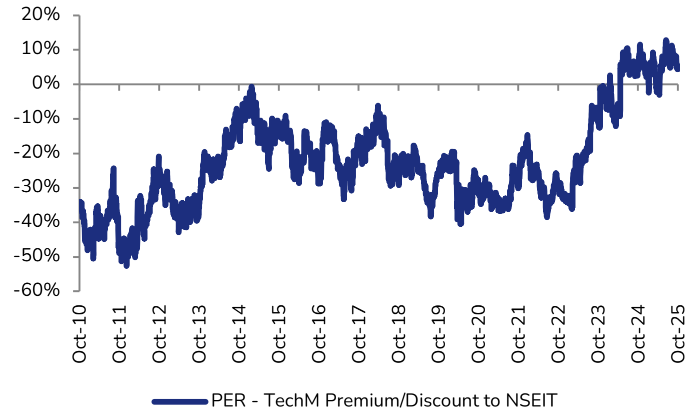
Valuation Charts

Exhibit 10. TechM: Valuation premium/discount to Nifty



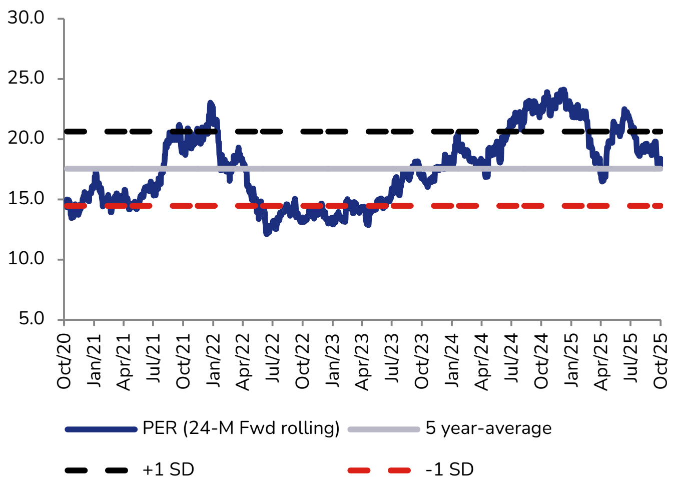
Source: Bloomberg, JM Financial

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



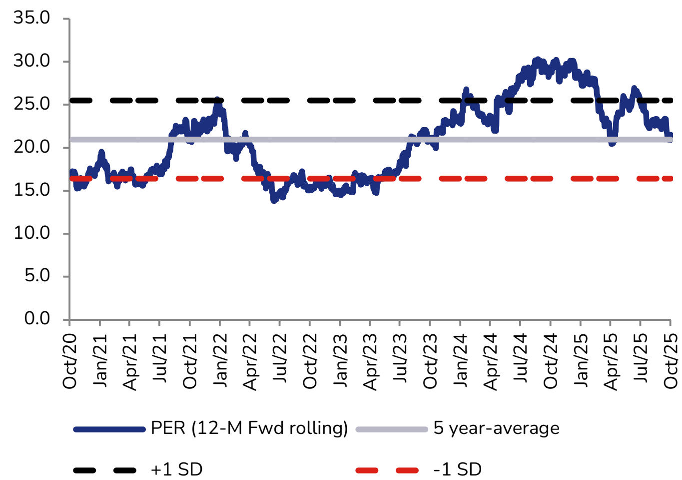
Source: Bloomberg, JM Financial

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



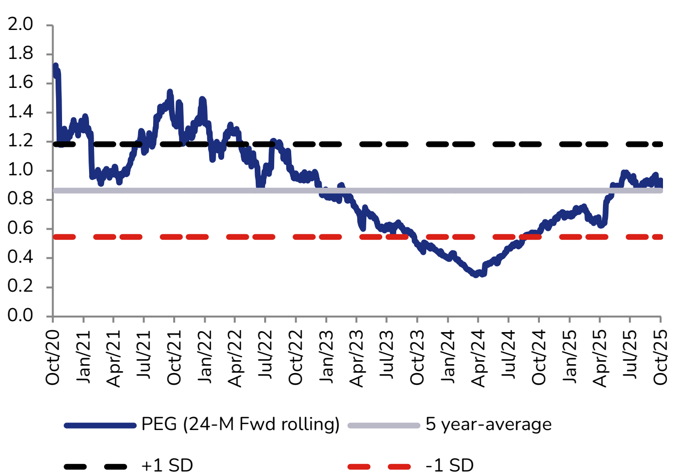
Source: Bloomberg, JM Financial

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



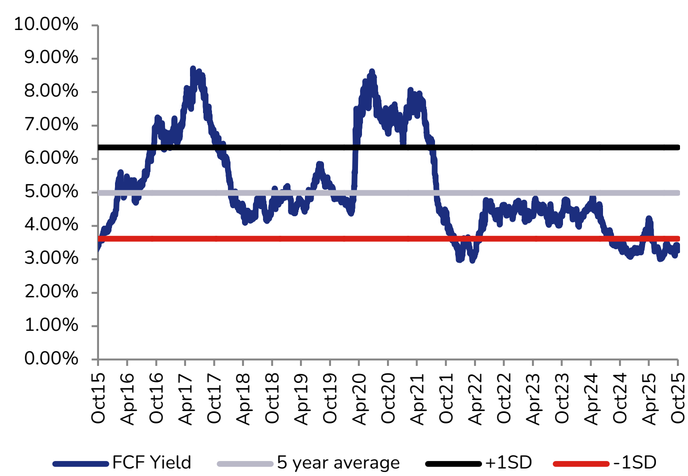
Source: Bloomberg, JM Financial

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	5,58,664	5,90,481	6,28,018
Sales Growth	*-2.4%*	*1.9%*	*5.4%*	*5.7%*	*6.4%*
Other Operating Income	0	0	0	0	0
Total Revenue	**5,19,955**	**5,29,883**	**5,58,664**	**5,90,481**	**6,28,018**
Cost of Goods Sold/Op. Exp	3,91,147	3,80,848	3,94,259	4,07,176	4,28,936
Personnel Cost	0	0	0	0	0
Other Expenses	79,163	79,124	77,105	79,410	83,212
EBITDA	**49,645**	**69,911**	**87,300**	**1,03,896**	**1,15,869**
EBITDA Margin	*9.5%*	*13.2%*	*15.6%*	*17.6%*	*18.5%*
EBITDA Growth	*-38.2%*	*40.8%*	*24.9%*	*19.0%*	*11.5%*
Depn. & Amort.	18,171	18,529	18,733	19,504	19,774
EBIT	31,474	51,382	68,567	84,392	96,095
Other Income	5,247	5,337	2,525	4,708	3,643
Finance Cost	0	0	0	0	0
PBT before Excep. & Forex	36,721	56,719	71,092	89,099	99,739
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	36,721	56,719	71,092	89,099	99,739
Taxes	11,707	14,275	19,234	24,106	26,985
Extraordinary Inc./Loss(-)	-1,151	0	0	0	0
Assoc. Profit/Min. Int.(-)	495	101	-64	-97	55
Reported Net Profit	23,578	42,515	51,763	64,866	72,779
Adjusted Net Profit	**24,729**	**42,515**	**51,763**	**64,866**	**72,779**
Net Margin	*4.8%*	*8.0%*	*9.3%*	*11.0%*	*11.6%*
Diluted Share Cap. (mn)	885.8	884.8	885.6	885.6	885.6
Diluted EPS (INR)	**27.9**	**47.9**	**58.3**	**73.1**	**82.0**
Diluted EPS Growth	*-49.1%*	*71.8%*	*21.7%*	*25.3%*	*12.2%*
Total Dividend + Tax	35,217	39,644	44,060	57,278	66,090
Dividend Per Share (INR)	39.7	44.7	49.7	64.5	74.5

Source: Company, JM Financial

Cash Flow Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	32,244	56,532	71,092	89,099	99,739
Depn. & Amort.	18,171	18,529	18,733	19,504	19,774
Net Interest Exp. / Inc. (-)	3,922	3,217	3,101	1,222	1,222
Inc (-) / Dec in WCap.	12,977	-2,662	5,571	-14,301	1,127
Others	8,909	-3,002	-5,719	-6,056	-4,840
Taxes Paid	-12,469	-14,744	-19,234	-24,106	-26,985
Operating Cash Flow	**63,754**	**57,870**	**73,543**	**65,362**	**90,036**
Capex	-7,911	-5,935	-20,189	-20,066	-19,986
Free Cash Flow	*55,843*	*51,935*	*53,355*	*45,296*	*70,050*
Inc (-) / Dec in Investments	1,502	1,999	107	0	0
Others	760	5,324	5,625	5,929	4,865
Investing Cash Flow	**-5,649**	**1,388**	**-14,457**	**-14,136**	**-15,121**
Inc / Dec (-) in Capital	238	90	190	0	0
Dividend + Tax thereon	-39,170	-38,418	-44,060	-57,278	-66,090
Inc / Dec (-) in Loans	-688	-10,751	416	0	-915
Others	-3,507	-2,636	-3,101	-1,222	-1,222
Financing Cash Flow	**-43,127**	**-51,715**	**-46,554**	**-58,499**	**-68,226**
Inc / Dec (-) in Cash	**14,978**	**7,543**	**12,532**	**-7,274**	**6,689**
Opening Cash Balance	70,758	75,470	74,350	78,268	70,994
Closing Cash Balance	85,736	83,013	86,882	70,994	77,684

Source: Company, JM Financial

Balance Sheet (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	2,66,694	2,73,615	2,72,815	2,80,403	2,87,092
Share Capital	4,413	4,424	4,427	4,427	4,427
Reserves & Surplus	2,62,281	2,69,191	2,68,388	2,75,976	2,82,665
Preference Share Capital	0	0	0	0	0
Minority Interest	4,774	4,302	4,489	4,489	4,489
Total Loans	36,602	40,288	42,867	43,698	43,764
Def. Tax Liab. / Assets (-)	-14,396	-18,573	-20,536	-20,536	-20,536
Total - Equity & Liab.	**2,93,674**	**2,99,632**	**2,99,634**	**3,08,054**	**3,14,809**
Net Fixed Assets	1,30,436	1,24,835	1,26,291	1,26,852	1,27,064
Gross Fixed Assets	26,290	24,145	25,164	25,725	25,937
Intangible Assets	1,03,135	1,00,484	1,00,897	1,00,897	1,00,897
Less: Depn. & Amort.	0	0	0	0	0
Capital WIP	1,011	206	230	230	230
Investments	4,583	2,893	901	901	901
Current Assets	2,84,821	2,98,644	3,13,239	3,28,707	3,44,228
Inventories	375	394	961	961	961
Sundry Debtors	1,54,410	1,57,925	1,66,948	1,86,823	1,92,271
Cash & Bank Balances	75,470	74,350	78,268	70,994	77,684
Loans & Advances	4,319	4,123	4,512	4,769	5,073
Other Current Assets	50,247	61,852	62,549	65,160	68,239
Current Liab. & Prov.	1,26,166	1,26,740	1,40,797	1,48,407	1,57,384
Current Liabilities	1,14,794	1,13,970	1,26,789	1,33,601	1,41,637
Provisions & Others	11,372	12,770	14,008	14,806	15,747
Net Current Assets	1,58,655	1,71,904	1,72,442	1,80,301	1,86,844
Total – Assets	**2,93,674**	**2,99,632**	**2,99,634**	**3,08,054**	**3,14,809**

Source: Company, JM Financial

Dupont Analysis

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	4.8%	8.0%	9.3%	11.0%	11.6%
Asset Turnover (x)	1.6	1.7	1.8	1.8	1.9
Leverage Factor (x)	1.2	1.2	1.2	1.2	1.2
RoE	9.1%	15.7%	18.9%	23.5%	25.6%

Key Ratios

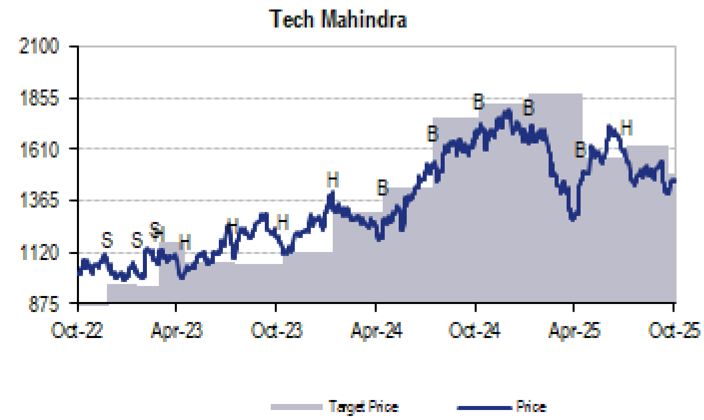
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	300.9	308.5	307.4	316.0	323.5
ROIC	8.9%	16.4%	20.8%	24.7%	27.3%
ROE	9.1%	15.7%	18.9%	23.5%	25.6%
Net Debt/Equity (x)	-0.1	-0.1	-0.1	-0.1	-0.1
P/E (x)	52.6	30.6	25.2	20.1	17.9
P/B (x)	4.9	4.8	4.8	4.6	4.5
EV/EBITDA (x)	25.3	18.1	14.4	12.2	10.9
EV/Sales (x)	2.4	2.4	2.3	2.1	2.0
Debtor days	108	109	109	115	112
Inventory days	0	0	1	1	1
Creditor days	89	90	98	100	101

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

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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