India

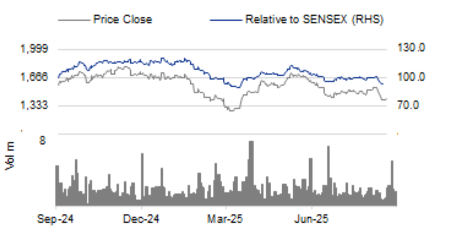
ADD *(no change)*

Consensus ratings*:	Buy 23 Hold 9 Sell 14
Current price:	Rs1,468
Target price: ▼	Rs1,658
Previous target:	Rs1,908
Up/downside:	12.9%
InCred Research / Consensus:	4.3%
Reuters:	TEML.NS
Bloomberg:	TECHM IN
Market cap:	US$16,194m
	Rs1,437,998m
Average daily turnover:	US$35.1m
	Rs3115.7m
Current shares o/s:	883.8m
Free float:	65.0%

Source: Bloomberg

Key changes in this note

- Expect 3.2% US$ revenue CAGR over FY25-28F.
- Expect ~20% EBIT CAGR over FY25-28F.
- Expect ~18% PAT CAGR over FY25-28F



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(3.8)	(6.9)	(13.3)
Relative (%)	(4.1)	(6.3)	(13.5)

Major shareholders	% held
LIC	10.1
SBI-ETF Nifty 50	3.9
Kotak Flexicap Fund	2.5

Tech Mahindra

Good quarter with consistent execution

- 2QFY26 earnings were generally better than expected.
- Trimming our margin estimates to account for commentary & uncertainty.
- Remains our top pick but with a lower TP of Rs1,658 vs. Rs1,908 earlier.

2QFY26 results summary

Tech Mahindra or TechM's 2QFY26 constant currency (CC) revenue increase (0.9% qoq) was in line with our estimate, while the EBIT margin was above. New order intake at US$816m was encouraging and drove TTM yoy growth to 57% vs. 43.8% as of 1QFY26. Key takeaways from the earnings commentary include 1) the restructuring exercise (of the past few quarters) could start yielding results, 2) stability/improvement across portfolio verticals while there is stress in the commercial automotive segment, 3) temporary growth challenges in Europe, 4) partnering, as a part of IndiaAI mission, to develop indigenous sovereign large language model (LLM) with 1tr parameters, and 5) the current macroeconomic uncertainty could temper FY27F growth expectations (for industry and TechM; consistent with the underlying thesis: report link) vs. at the start of restructuring exercise). Consequently, we trim estimates, which, in turn, drives our target price lower.

Deal-win momentum continues

The net-new deal-win (at US$816m; up 0.9%/35.3% qoq/yoy) momentum continues across verticals such as communications, manufacturing, banking financial services insurance (BFSI), retail, transport and logistics, driving TTM wins up 57% yoy to US$3,168. Management commentary suggests that although the aspiration to reach US$1bn quarterly bookings continues, and, in turn, could improve revenue growth trajectory & visibility, the mix of booking (discretionary/legacy mix) is critical too & that the US$800m range may be good enough to sustain the current growth momentum, if discretionary mix increases.

Improving margin execution

The EBIT margin at 12.1% (sequentially up 108bp qoq & 252bp yoy) beat our estimate by 49bp driven by an improvement in fixed-price project productivity, volume growth, SG&A optimization and INR depreciation. Commentary suggests the company is on track to achieve its stated FY27F EBIT margin target driven by operating leverage, focus on profitable growth (governance on contractual review), and project Fortius-led disciplined execution (offshoring, integration of portfolio companies).

Maintain ADD rating but with a lower target price of Rs1,658

We introduce FY28F and now expect 3.2% US$ revenue CAGR & ~18% PAT (Rs.) CAGR over FY25-28F. We shift our valuation to P/E (vs. PE/G) and value TechM at 21x FY28F EPS to arrive at lower target price of Rs1,658 (Rs1,908 earlier). Improved execution visibility, restructuring-led earnings growth, cash conversion, and improved capital allocation support our thesis. Downside risk: Weak revenue/EBIT margin execution led by customer and/or senior leadership attrition.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	519,955	529,883	551,596	580,545	613,145
Operating EBITDA (Rsm)	49,646	69,911	83,307	96,951	107,300
Net Profit (Rsm)	23,579	42,514	48,637	61,902	69,792
Core EPS (Rs)	31.8	48.4	55.0	70.0	79.0
Core EPS Growth	(44.4%)	52.1%	13.7%	27.3%	12.7%
FD Core P/E (x)	55.08	30.52	26.68	20.96	18.59
DPS (Rs)	40.0	45.0	45.0	56.0	63.2
Dividend Yield	2.73%	3.07%	3.08%	3.82%	4.30%
EV/EBITDA (x)	25.18	17.79	14.82	12.55	11.16
P/FCFE (x)	23.25	24.99	28.22	20.93	18.93
Net Gearing	(19.6%)	(20.9%)	(23.5%)	(28.5%)	(33.3%)
P/BV (x)	4.86	4.74	4.60	4.40	4.20
ROE	10.3%	15.8%	17.5%	21.5%	23.1%
% Change In Core EPS Estimates			(15.36%)	(10.74%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Research Analyst(s)

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InCred Equities

Figure 1: Quarterly performance

Y/E Mar (Rs m)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	2QFY26F	Var. (%)
Revenue (US$m)	1,586	1,589	(0.2)	1,564	1.4	1,580	0.4
Revenue (Rsm)	1,39,949	1,33,132	5.1	1,33,512	4.8	1,37,896	1.5
USD-Rs realization	88.2	83.8	5.3	85.4	3.4	87.3	1.1
EBITDA	21,680	17,502	23.9	19,352	12.0	20,684	4.8
EBITDA margin (%)	15.5	13.1	234 bp	14.5	100 bp	15.0	49 bp
EBIT	16,993	12,804	32.7	14,771	15.0	16,065	5.8
EBIT margin (%)	12.1	9.6	252 bp	11.1	108 bp	11.7	49 bp
Depreciation	4,687	4,698	(0.2)	4,581	2.3	4,620	1.5
Net other income	-372	4,325	(108.6)	1,405	(126.5)	1,387	(126.8)
PBT	16,621	17,129	(3.0)	16,176	2.8	17,452	(4.8)
Provision for tax	4,576	4,560	0.4	4,893	(6.5)	4,537	0.8
% tax rate	27.5	26.6	91 bp	30.2	(272 bp)	26.0	153 bp
Net profit	11,945	12,501	(4.5)	11,406	4.7	13,037	(8.4)
EPS (Rs)	13.5	14.1	(4.5)	12.9	4.7	14.7	(8.4)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Key conference-call highlights

- **Guidance:** FY27F revenue growth could be better than FY26F. However, when compared to industry growth rate, the same remains subdued.
- **Vertical-wise commentary**:
  - **Communication** was down 1.9%/10% qoq/yoy. Largest client has stabilized and grew above company average. Partnered with **O2 Telefónica Germany** to launch a large telco-specific language model (LLM) to improve Service Experience Centre (SEC) as part of "Operations of the Future".
  - **Manufacturing** was up 4.9%/13.4% qoq/yoy led by demand for smart manufacturing, predictive maintenance and digital twins in aerospace and industrial segments. Though the automotive segment remains stable, TechM is cautious on the commercial sub-segment.
  - **BFSI** was up 3.9%/10% qoq/ yoy driven by traction in payment solutions and other focus areas. Aims to continue strengthening alliances and the partnership ecosystem to deepen domain capabilities.
  - **Retail, Transport & Logistics** growth was robust (9.1%/11.3% qoq/yoy) driven by traction in logistics (e-commerce expansion, automation in warehousing, last-mile delivery optimization, etc.)
- Launched TechM Orion, a next-generation agentic AI platform, built on NVIDIA-accelerated computing, enabling intelligent, autonomous execution of complex business workflows.
- <1% of the global workforce is on H-1B visas, and visa dependency in the US is <30%. Working on a multi-pronged strategy to reduce its exposure.
- Comviva continues to do well and could end with a record growth in FY26F.

Figure 2: Operating metrics trend

Operating trends	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Revenue (US$m)	1,633	1,638	1,668	1,668	1,601	1,555	1,573	1,548	1,559	1,589	1,567	1,549	1,564	1,586
Growth yoy (%)	18.0	11.2	8.8	3.7	-1.9	-5.1	-5.7	-7.2	-2.6	2.2	-0.4	0.1	0.3	-0.2
Growth qoq (%)	1.5	0.3	1.8	0.0	-4.0	-2.9	1.2	-1.6	0.7	1.9	-1.4	-1.2	1.0	1.4
CC growth yoy (%)	21.2	16.8	12.7	6.3	-0.9	-5.9	-5.4	-6.4	-1.2	1.2	1.3	-1.5	-1.0	-0.3
CC growth qoq (%)	3.5	2.9	0.2	0.3	-4.2	-2.4	1.1	-0.8	0.7	0.7	1.2	-1.2	-1.4	1.6
Revenue (Rs. m)	1,27,079	1,31,295	1,37,346	1,37,182	1,31,590	1,28,639	1,31,013	1,28,713	1,30,055	1,33,132	1,32,856	1,33,840	1,33,512	1,39,949
Growth yoy (%)	24.6	20.7	19.9	13.2	3.5	-2.0	-4.6	-6.2	-1.2	3.5	1.4	4.0	2.7	5.1
Growth qoq (%)	4.9	3.3	4.6	-0.1	-4.1	-2.2	1.8	-1.8	1.0	2.4	-0.2	0.7	-0.2	4.8
EBIT margin (%)	11.0	11.4	12.0	11.2	6.8	4.7	5.4	7.4	8.5	9.6	10.2	10.5	11.1	12.1
US$-Rs realized rate	77.8	80.2	82.3	82.3	82.2	82.7	83.3	83.1	83.4	83.8	84.8	86.4	85.4	88.2
Headcount	1,58,035	1,63,912	1,57,068	1,52,400	1,48,297	1,50,604	1,46,250	1,45,455	1,47,620	1,54,273	1,50,488	1,48,731	1,48,517	1,52,714
IT Utilization - trainees (%)	82.8	84.9	86.4	86.5	87.2	86.1	87.6	86.4	86.1	86.3	85.6	86.0	85.0	84.4
IT Utilization -Ex-trainees (%)	83.3	84.9	86.4	86.5	87.2	86.2	87.6	86.4	86.1	86.1	86.0	86.3	NA	NA
IT LTM attrition (%)	22.2	19.6	17.3	14.8	12.8	11.4	10.3	10.0	10.1	10.6	11.0	12.0	12.6	12.8
Vertical (%)	**1QFY23**	**2QFY23**	**3QFY23**	**4QFY23**	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**
Communication	NA	NA	NA	NA	35.8	34.7	34.3	34.0	33.1	33.4	32.5	33.2	33.8	32.7
Manufacturing	NA	NA	NA	NA	16.7	17.5	18.0	18.0	18.3	17.2	16.8	17.0	17.5	18.1
Hi-Tech & Media	NA	NA	NA	NA	13.9	14.3	13.7	13.8	13.8	14.3	14.3	13.2	13.3	13.1
BFSI	NA	NA	NA	NA	15.5	15.4	14.8	15.7	15.7	15.8	16.1	16.7	16.4	16.8
Retail, Transport & Logistics	NA	NA	NA	NA	7.1	7.7	8.1	7.3	7.7	7.9	8.0	8.1	7.9	8.5
Healthcare & Life Sciences	NA	NA	NA	NA	7.0	7.2	7.5	7.2	7.7	7.4	7.7	7.3	7.3	7.3
Others	NA	NA	NA	NA	3.9	3.2	3.5	4.0	3.7	4.0	4.6	4.5	3.9	3.5
Vertical (US$m)	**1QFY23**	**2QFY23**	**3QFY23**	**4QFY23**	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**

Communication	NA	NA	NA	NA	573	540	540	526	516	531	509	514	529	519
Manufacturing	NA	NA	NA	NA	267	272	283	279	285	273	263	263	274	287
Hi-Tech & Media	NA	NA	NA	NA	223	222	216	214	215	227	224	204	208	208
BFSI	NA	NA	NA	NA	248	239	233	243	245	251	252	259	256	266
Retail, Transport & Logistics	NA	NA	NA	NA	114	120	127	113	120	126	125	125	124	135
Healthcare & Life Sciences	NA	NA	NA	NA	112	112	118	111	120	118	121	113	114	116
Others	NA	NA	NA	NA	62	50	55	62	58	64	72	70	61	56
Vertical yoy (%)	**1QFY23**	**2QFY23**	**3QFY23**	**4QFY23**	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**
Communication	NA	NA	NA	NA	NA	NA	NA	NA	-10.0	-1.6	-5.6	-2.3	2.4	-2.3
Manufacturing	NA	NA	NA	NA	NA	NA	NA	NA	6.7	0.4	-7.0	-5.5	-4.1	5.0
Hi-Tech & Media	NA	NA	NA	NA	NA	NA	NA	NA	-3.3	2.2	4.0	-4.3	-3.3	-8.6
BFSI	NA	NA	NA	NA	NA	NA	NA	NA	-1.4	4.8	8.4	6.4	4.8	6.1
Retail, Transport & Logistics	NA	NA	NA	NA	NA	NA	NA	NA	5.6	4.8	-1.6	11.0	2.9	7.4
Healthcare & Life Sciences	NA	NA	NA	NA	NA	NA	NA	NA	7.1	5.0	2.3	1.4	-4.9	-1.5
Others	NA	NA	NA	NA	NA	NA	NA	NA	-7.6	27.7	31.0	12.6	5.8	-12.7
Vertical qoq (%)	**1QFY23**	**2QFY23**	**3QFY23**	**4QFY23**	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**
Communication	NA	NA	NA	NA	NA	-5.9	0.0	-2.4	-2.0	2.9	-4.0	1.0	2.8	-1.9
Manufacturing	NA	NA	NA	NA	NA	1.8	4.0	-1.6	2.4	-4.2	-3.6	0.0	3.9	4.9
Hi-Tech & Media	NA	NA	NA	NA	NA	-0.1	-3.1	-0.9	0.7	5.6	-1.4	-8.8	1.7	-0.1
BFSI	NA	NA	NA	NA	NA	-3.5	-2.8	4.4	0.7	2.6	0.5	2.5	-0.8	3.9
Retail, Transport & Logistics	NA	NA	NA	NA	NA	5.3	6.4	-11.3	6.2	4.6	-0.1	0.1	-1.5	9.1
Healthcare & Life Sciences	NA	NA	NA	NA	NA	-0.1	5.4	-5.5	7.7	-2.0	2.6	-6.3	1.0	1.4
Others	NA	NA	NA	NA	NA	-20.3	10.6	12.5	-6.9	10.2	13.4	-3.3	-12.5	-9.0
Incremental revenue (US$m)	**1QFY23**	**2QFY23**	**3QFY23**	**4QFY23**	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**
Communication	NA	NA	NA	NA	NA	-33.6	0.0	-13.2	-10.4	14.7	-21.3	4.8	14.4	-10.0
Manufacturing	NA	NA	NA	NA	NA	4.8	11.0	-4.5	6.6	-12.0	-10.0	0.0	10.4	13.4
Hi-Tech & Media	NA	NA	NA	NA	NA	-0.2	-6.9	-1.8	1.5	12.1	-3.1	-19.7	3.5	-0.2
BFSI	NA	NA	NA	NA	NA	-8.7	-6.7	10.3	1.7	6.3	1.3	6.3	-2.2	10.0
Retail, Transport & Logistics	NA	NA	NA	NA	NA	6.1	7.7	-14.4	7.0	5.5	-0.1	0.1	-1.9	11.3
Healthcare & Life Sciences	NA	NA	NA	NA	NA	-0.1	6.0	-6.5	8.6	-2.4	3.1	-7.6	1.1	1.6
Others	NA	NA	NA	NA	NA	-12.7	5.3	6.9	-4.2	5.9	8.5	-2.4	-8.7	-5.5
Geography (%)	**1QFY23**	**2QFY23**	**3QFY23**	**4QFY23**	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**
Americas	49.6	50.8	49.7	49.6	51.4	53.3	51.9	50.8	52.4	51.1	50.8	48.4	49.2	49.8
Europe	25.5	24.5	24.4	25.3	24.6	23.6	23.8	24.2	23.4	24.0	23.6	25.4	26.0	25.4
ROW	24.9	24.7	25.9	25.1	24.0	23.2	24.3	25.0	24.2	24.9	25.6	26.2	24.8	24.8
Geography (US$m)	**1QFY23**	**2QFY23**	**3QFY23**	**4QFY23**	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**
Americas	810	832	829	827	823	829	816	786	817	812	796	750	769	790
Europe	416	401	407	422	394	367	374	375	365	382	370	393	407	403
RoW	406	405	432	419	384	361	382	387	377	396	401	406	388	393
Geography yoy (%)	**1QFY23**	**2QFY23**	**3QFY23**	**4QFY23**	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**
Americas	25.3	18.2	10.6	6.5	1.6	-0.4	-1.5	-4.9	-0.7	-2.0	-2.5	-4.7	-5.8	-2.7
Europe	10.6	5.2	4.1	-0.6	-5.4	-8.6	-8.0	-11.2	-7.4	4.0	-1.2	5.0	11.5	5.6
RoW	12.6	4.5	10.1	2.9	-5.5	-10.8	-11.5	-7.5	-1.8	9.6	5.0	4.9	2.8	-0.5
Geography qoq (%)	**1QFY23**	**2QFY23**	**3QFY23**	**4QFY23**	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**
Americas	4.2	2.8	-0.4	-0.2	-0.5	0.7	-1.5	-3.7	3.9	-0.6	-2.0	-5.8	2.6	2.6
Europe	-1.9	-3.6	1.4	3.6	-6.7	-6.8	2.0	0.1	-2.6	4.6	-3.0	6.4	3.4	-0.9
RoW	-0.1	-0.5	6.8	-3.1	-8.2	-6.1	6.0	1.3	-2.5	4.8	1.5	1.1	-4.4	1.4
Incremental revenue (US$m)	**1QFY23**	**2QFY23**	**3QFY23**	**4QFY23**	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**
Americas	33.0	22.4	-3.0	-2.0	-4.2	5.9	-12.4	-29.9	30.4	-4.7	-15.9	-46.6	19.8	20.3
Europe	-8.3	-15.0	5.7	14.8	-28.1	-26.9	7.4	0.3	-9.9	16.7	-11.6	23.5	13.2	-3.8
RoW	-0.4	-1.9	27.5	-13.5	-34.3	-23.5	21.5	4.8	-9.8	18.2	5.8	4.6	-18.0	5.5
Deal wins (US$m)	**1QFY23**	**2QFY23**	**3QFY23**	**4QFY23**	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**
TCV	802	716	795	592	359	640	381	500	534	603	745	798	809	816
qoq (%)	-20.7	-10.7	11.0	-25.5	-39.4	78.3	-40.5	31.2	6.8	12.9	23.5	7.1	1.4	0.9
yoy (%)	-1.6	-4.5	12.9	-41.4	-55.2	-10.6	-52.1	-15.5	48.7	-5.8	95.5	59.6	51.5	35.3
TTM TCV	3,267	3,233	3,324	2,905	2,462	2,386	1,972	1,880	2,055	2,018	2,382	2,680	2,955	3,168
Clients (%)	**1QFY23**	**2QFY23**	**3QFY23**	**4QFY23**	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**
Top 5	20.5	18.9	17.7	16.8	17.4	16.6	16.1	15.8	15.5	15.1	15.0	15.5	15.6	15.6
Top 6-10	9.4	9.2	9.5	9.7	9.9	10.5	10.1	10.1	9.6	9.7	9.0	9.0	9.6	8.7
Top 11-20	11.3	11.9	12.7	13.5	12.1	12.4	12.4	12.9	13.3	13.8	14.0	13.7	13.8	12.8
Non-top 20	58.7	60.1	60.2	60.0	60.6	60.5	61.4	61.2	61.6	61.4	62.0	61.8	61.0	62.9
Clients (US$m)	**1QFY23**	**2QFY23**	**3QFY23**	**4QFY23**	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**
Top 5	335	309	295	280	279	258	253	245	242	241	235	240	244	247
Top 6-10	154	150	158	161	158	163	159	156	150	155	141	139	150	138
Top 11-20	185	195	212	225	194	193	195	200	207	218	219	212	216	203
Non-top 20	959	984	1,004	1,001	970	941	966	947	960	975	972	957	954	998
Clients yoy (%)	**1QFY23**	**2QFY23**	**3QFY23**	**4QFY23**	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**
Top 5	9.3	-6.5	-15.3	-21.2	-16.8	-16.5	-14.1	-12.6	-13.3	-6.8	-7.2	-1.8	1.0	2.8
Top 6-10	25.3	14.3	18.4	10.2	3.1	8.8	0.6	-3.1	-5.6	-5.3	-11.2	-10.8	0.3	-10.8
Top 11-20	9.2	16.5	25.6	21.8	4.8	-1.3	-8.0	-11.3	7.0	13.3	12.5	6.3	4.1	-7.1
Non-top 20	22.1	16.7	13.6	8.6	1.2	-4.4	-3.8	-5.3	-1.0	3.7	0.6	1.0	-0.7	2.3
Clients qoq (%)	**1QFY23**	**2QFY23**	**3QFY23**	**4QFY23**	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**
Top 5	-5.7	-7.7	-4.6	-5.0	-0.5	-7.3	-1.9	-3.4	-1.2	-0.4	-2.3	2.1	1.6	1.4
Top 6-10	5.0	-2.4	5.3	2.1	-1.7	3.0	-2.7	-1.6	-4.3	3.3	-8.8	-1.2	7.7	-8.1
Top 11-20	-0.1	5.7	8.5	6.3	-14.0	-0.5	1.2	2.4	3.8	5.4	0.4	-3.3	1.7	-5.9
Non-top 20	4.1	2.6	2.0	-0.3	-3.1	-3.0	2.7	-1.9	1.3	1.6	-0.4	-1.5	-0.3	4.6
Incremental revenue (US$m)	**1QFY23**	**2QFY23**	**3QFY23**	**4QFY23**	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**
Top 5	-20.4	-25.9	-14.3	-14.8	-1.4	-20.4	-4.9	-8.6	-3.0	-1.1	-5.5	5.0	3.9	3.4
Top 6-10	7.4	-3.7	8.0	3.3	-2.8	4.8	-4.4	-2.5	-6.7	5.0	-13.5	-1.7	10.7	-12.2
Top 11-20	-0.1	10.5	16.6	13.3	-31.5	-0.9	2.2	4.7	7.6	11.2	1.0	-7.2	3.6	-12.8
Non-top 20	37.6	24.7	20.0	-2.6	-30.8	-29.4	25.0	-18.3	12.8	15.0	-3.5	-14.5	-3.2	43.6
Client metrics	**1QFY23**	**2QFY23**	**3QFY23**	**4QFY23**	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**
Active clients	1,262	1,279	1,290	1,297	1,255	1,252	1,228	1,172	1,165	1,178	1,175	1,162	discontinued	discontinued
Revenue per active client	4.9	5.0	5.1	5.1	5.2	5.2	5.2	5.4	5.4	5.3	5.3	5.4	NA	NA
US$ 1 m+	440	436	457	467	469	461	454	437	430	423	417	417	410	395

US$ 5 m+	109	126	117	115	111	107	104	116	115	122	123	123	119	125
US$ 10 m+	67	68	68	71	79	79	81	74	76	73	68	72	74	69
US$ 20 m+	37	40	41	41	36	35	37	40	37	36	36	34	34	37
US$ 50 m+	23	23	24	24	26	26	26	23	24	25	25	25	26	26
Per employee analysis	**1QFY23**	**2QFY23**	**3QFY23**	**4QFY23**	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24**	**1QFY25**	**2QFY25**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**
Revenue (US$m) - TTM	6,247	6,412	6,547	6,607	6,575	6,492	6,397	6,277	6,235	6,269	6,264	6,264	6,269	6,266
Employees (average TTM)	1,40,959	1,46,286	1,49,043	1,49,230	1,46,774	1,43,530	1,40,897	1,39,028	1,38,777	1,39,620	1,40,622	1,41,579	1,41,997	1,41,763
Revenue per employee (TTM)	44,316	43,833	43,927	44,271	44,797	45,230	45,399	45,151	44,929	44,901	44,542	44,247	44,152	44,204

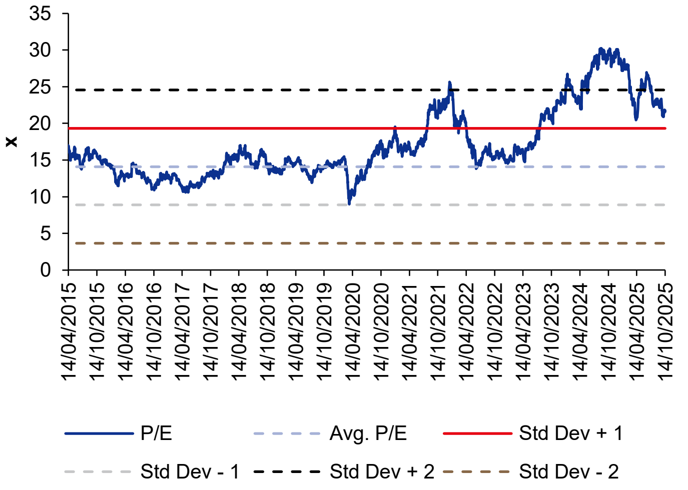
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Change in InCred estimates

Y/E Mar (Rs m)	FY26F			FY27F			FY28F		
	New	Old	% change	New	Old	% change	New	Old	% change
Revenue	5,51,596	5,42,928	1.6	5,80,545	5,75,810	0.8	6,13,145	6,15,180	-0.3
EBIT	64,861	65,619	-1.2	78,374	80,613	-2.8	88,293	92,277	-4.3
EBIT margin (%)	11.8	12.1	(33)bp	13.5	14.0	(50)bp	14.4	15.0	(60)bp
Net PAT	48,637	52,551	-7.4	61,902	64,044	-3.3	69,792	73,333	-4.8
EPS (Rs)	55.0	59.5	-7.4	70.0	72.5	-3.3	79.0	83.0	-4.8

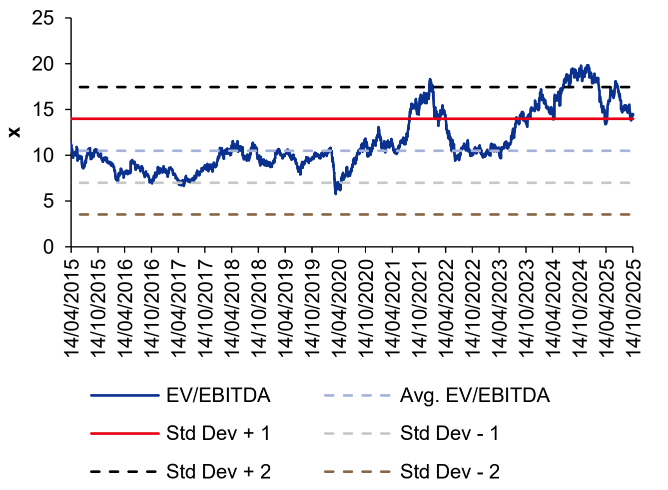
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: TechM trades at a one-year forward P/E of 21.8x



SOURCE: INCRED RESEARCH, COMPANY REPORTS

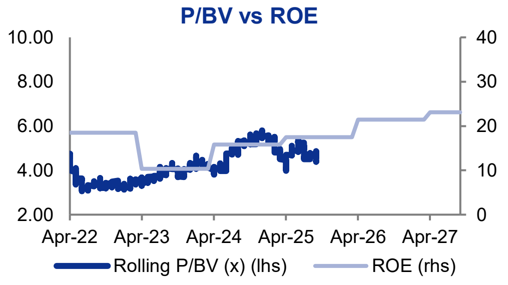
Figure 5: TechM trades at a one-year forward EV/EBITDA of 14.5x

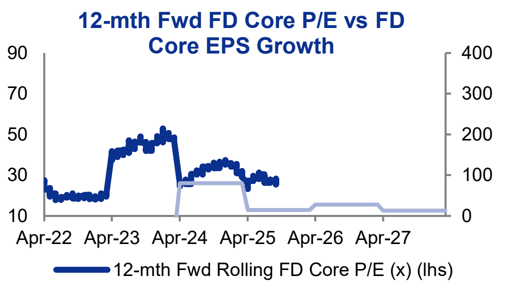


SOURCE: INCRED RESEARCH, COMPANY REPORTS

InCred Equities

BY THE NUMBERS





Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	**519,955**	**529,883**	**551,596**	**580,545**	**613,145**
Gross Profit	**128,809**	**149,035**	**159,864**	**171,261**	**183,944**
Operating EBITDA	**49,646**	**69,911**	**83,307**	**96,951**	**107,300**
Depreciation And Amortisation	(18,171)	(18,529)	(18,446)	(18,577)	(19,007)
Operating EBIT	**31,475**	**51,382**	**64,861**	**78,374**	**88,293**
Financial Income/(Expense)	5,668	7,713	3,346	4,646	5,341
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	(421)	(2,376)	(242)	871	920
Profit Before Tax (pre-EI)	**36,722**	**56,719**	**67,966**	**83,890**	**94,553**
Exceptional Items					
Pre-tax Profit	**36,722**	**56,719**	**67,966**	**83,890**	**94,553**
Taxation	(8,276)	(14,002)	(19,151)	(21,812)	(24,584)
Exceptional Income - post-tax	(4,582)	(273)			
Profit After Tax	**23,864**	**42,444**	**48,814**	**62,079**	**69,969**
Minority Interests	(285)	70	(177)	(177)	(177)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**23,579**	**42,514**	**48,637**	**61,902**	**69,792**
Recurring Net Profit	28,161	42,787	48,637	61,902	69,792
Fully Diluted Recurring Net Profit	**28,161**	**42,787**	**48,637**	**61,902**	**69,792**

Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	49,646	69,911	83,307	96,951	107,300
Cash Flow from Invt. & Assoc.					
Change In Working Capital	12,987	(2,662)	(9,723)	(4,256)	(4,792)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	570	(140)	354	354	354
Other Operating Cashflow	16,952	8,709	2,563	1,790	1,302
Net Interest (Paid)/Received	(3,922)	(3,217)	(3,094)	(2,321)	(1,833)
Tax Paid	(12,469)	(14,744)	(19,151)	(21,812)	(24,584)
Cashflow From Operations	**63,764**	**57,857**	**54,256**	**70,707**	**77,747**
Capex	(7,911)	(5,935)	(8,274)	(8,708)	(9,197)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(5,226)	5,703	6,199	7,837	8,094
Cash Flow From Investing	**(13,137)**	**(232)**	**(2,075)**	**(871)**	**(1,104)**
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased		(927)			
Dividends Paid	(39,170)	(38,418)	(39,935)	(49,522)	(55,834)
Preferred Dividends					
Other Financing Cashflow	(8,502)	(18,647)	(3,094)	(2,321)	(1,833)
Cash Flow From Financing	**(47,672)**	**(57,992)**	**(43,029)**	**(51,842)**	**(57,667)**
Total Cash Generated	2,955	(367)	9,152	17,994	18,977
Free Cashflow To Equity	**55,853**	**51,922**	**45,982**	**61,999**	**68,550**
Free Cashflow To Firm	**54,549**	**60,842**	**55,275**	**72,157**	**78,477**

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	75,149	74,350	83,502	101,496	120,473
Total Debtors	114,011	115,470	121,351	127,720	134,892
Inventories	375	394	394	394	394
Total Other Current Assets	44,718	46,578	46,578	46,578	46,578
Total Current Assets	**234,253**	**236,792**	**251,825**	**276,188**	**302,337**
Fixed Assets	36,193	39,197	29,024	19,155	9,345
Total Investments	8,266	8,715	8,715	8,715	8,715
Intangible Assets	103,456	100,484	100,484	100,484	100,484
Total Other Non-Current Assets	52,068	59,757	59,757	59,757	59,757
Total Non-current Assets	**199,983**	**208,153**	**197,980**	**188,111**	**178,301**
Short-term Debt	14,285	4,714	4,714	4,714	4,714
Current Portion of Long-Term Debt					
Total Creditors	37,853	44,108	40,267	42,380	44,760
Other Current Liabilities	86,332	90,222	90,222	90,222	90,222
Total Current Liabilities	**138,470**	**139,044**	**135,203**	**137,316**	**139,696**
Total Long-term Debt	1,025				
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	23,273	27,984	27,984	27,984	27,984
Total Non-current Liabilities	**24,298**	**27,984**	**27,984**	**27,984**	**27,984**
Total Provisions					
Total Liabilities	**162,768**	**167,028**	**163,187**	**165,300**	**167,680**
Shareholders Equity	266,694	273,615	282,317	294,698	308,656
Minority Interests	4,774	4,302	4,302	4,302	4,302
Total Equity	**271,468**	**277,917**	**286,619**	**299,000**	**312,958**

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	(2.4%)	1.9%	4.1%	5.2%	5.6%
Operating EBITDA Growth	(38.2%)	40.8%	19.2%	16.4%	10.7%
Operating EBITDA Margin	9.5%	13.2%	15.1%	16.7%	17.5%
Net Cash Per Share (Rs)	60.11	65.81	76.17	96.52	118.00
BVPS (Rs)	301.75	309.58	319.43	333.44	349.23
Gross Interest Cover	8.03	15.97	20.96	33.77	48.16
Effective Tax Rate	22.5%	24.7%	28.2%	26.0%	26.0%
Net Dividend Payout Ratio	126.0%	93.1%	82.1%	80.0%	80.0%
Accounts Receivables Days	85.23	79.04	78.35	78.30	78.17
Inventory Days	0.29	0.37	0.37	0.35	0.34
Accounts Payables Days	38.12	39.28	39.31	36.85	37.05
ROIC (%)	9.8%	17.1%	20.5%	25.5%	29.5%
ROCE (%)	8.1%	13.2%	15.6%	18.8%	20.3%
Return On Average Assets	5.4%	8.4%	10.4%	12.8%	14.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

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Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings	Definition:
Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.