

January 25, 2024

Tech Mahindra

Current Price: ₹ 1407.75

STOCK DATA

BSE Code	532755
NSE Symbol	TECHM
Reuters	TEML.BO
Bloomberg	TECHM IN

VALUE PARAMETERS

52 W H/L(Rs)	1416.00/982.95
Mkt. Cap.(Rs Cr)	137421.59
Latest Equity(Subscribed)	488.09
Latest Reserve (cons.)	25970.6
Latest EPS (cons.) -Unit Curr.	36.89
Latest P/E Ratio -cons	38.16
Latest Bookvalue(cons.) -Unit Curr.	271.04
Latest P/BV - cons	5.19
Dividend Yield -%	3.54
Face Value	5

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/12/2023
Foreign	25.57
Institutions	29.02
Govt Holding	0.17
Non Promoter Corp. Hold.	0.40
Promoters	35.11
Public & Others	9.73

Consolidated Financial Results

In Cr.

	Qtr Ended Dec. 23	Qtr Ended Sept. 22	VAR %	Qtr Ended Dec. 22	VAR %
Sales	13101.30	12863.90	2	13734.60	-5
OPM (%)	8.75	7.11	23	15.54	-44
OP	1146.40	914.30	25	2135.00	-46
Other income	92.30	264.20	-65	247.20	-63
PBIDT	1238.70	1178.50	5	2382.20	-48
Interest	116.50	97.50	19	112.90	3
PBDT	1122.20	1081.00	4	2269.30	-51
Depreciation	443.40	465.70	-5	498.10	-11
PBT	678.80	615.30	10	1771.20	-62
Tax	155.10	110.00	41	485.90	-68
PAT	523.70	505.30	4	1285.30	-59
Minority interest	13.3	11.4	17	-11.3	
Net profit	510.4	493.9	3	1296.6	-61
EPS (Rs)	5.79	5.6		14.74	

Q3FY24, Net Profit down 60.64% YoY - Below Estimates

On consolidated basis, revenue from operations grew by 1.85% to Rs 13,101.3 crore in Q3 FY24 over Q2 FY24. PBIDT increased by 5% to Rs.1238.70 crore and PAT increased by 3.34% to Rs.510.40 crore.

On YoY, Tech Mahindra's net profit dropped 60.64% while revenue fell 4.61% in Q3 FY24. PBIDT stood at Rs 1238.70 crore in the quarter ended 31 December 2023, down by 48% YoY. EBITDA margin was at 8.75% in Q3 FY24 as compared to 7.11% in Q2 FY24 and 15.54% in Q3 FY23.

In terms of dollars (USD), revenue stood at \$1,573 million in Q3 FY24, up 1.1% QoQ while down 5.7% YoY. In constant currency terms, revenue was up by 1.1% QoQ and down 5.4% YoY. Profit after tax was at \$61.3 million, up 3% QoQ and down 61% YoY. Free cash flow was at \$228million in the December quarter. During the quarter, EBITDA was at \$137.7 million, up 6.4% QoQ and down 47.1% YoY. EBITDA margin came in at 8.8% in Q3 FY24, up 40 bps QoQ.

The IT firm secured net new deals worth \$381 million in Q3 FY24 as against \$640 million in Q2 FY24 and \$795 million reported in Q3 FY23.

Total headcount was at 146,250, registering a decline of 2.9% QoQ and down 6.9% YoY. The last twelve month (LTM) IT attrition rate reduced to 10% in Q3 FY24 from 11% in Q2 FY24 and 17% in Q3 FY23.

Cash and cash equivalent was at Rs 7,012.3 crore as of 31 December 2023, compared with Rs 6,514.8 crore as of 30 September 2023 and Rs 6,449.4 crore as of 31 December 2022.

On 24 October 2023, the board had approved the scheme of merger by absorption of its wholly owned subsidiaries, Perigord Premedia (India) (PPIPL), Perigord Data Solutions (India) (PDSIPL) and Tech Mahindra Cerium (TMCPL) with the company and their respective shareholders.

Meanwhile, the company's board has approved to include merger of Thirdware Solution,

wholly-owned subsidiary of the company to the above said scheme and consequently approved the modified scheme of merger.

Management Comment

Mohit Joshi, Managing Director & Chief Executive Officer, Tech Mahindra, said, "The quarter was a mixed outcome, with growth in the Manufacturing and Healthcare segments but muted spending in areas like Communications, BFSI, and Hi-tech. While this dichotomy in the markets will take its own time to settle, we are focusing internally on realigning under the new structure and strengthening the foundations of our organisation."

Rohit Anand, Chief Financial Officer, Tech Mahindra, said, "This year has given us the opportunity to step back and review our portfolio. We are confident that these actions will help us correct our course and deliver value in the long term. We are encouraged by the robust cash conversions this year, and we hope to continue this rigor in other operational areas as well."

E-mail: researchfeedback@smcindiaonline.com



Corporate Office:
11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:
Lotus Corporate Park, A Wing 401/402,
4th Floor, Graham Firth Steel Compound,
Off Western Express Highway, Jay Coach Signal,
Goreagon (East) Mumbai - 400063
Tel: 91-22-67341600, Fax: 91-22-28805606

Kolkata Office:
18, Rabindra Sarani,
Poddar Court, Gate No.-4, 5th Floor, Kolkata-700001
Tel: 91-33-39847000, Fax: 91-33-39847004

Investments in securities market are subject to market risks, read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. The securities quoted are for illustration only and are not recommendatory. SMC is a SEBI registered Research Analyst having registration number INH100001849. CIN : L74899DL1994PLC063609.

SMC Global Securities Ltd. (hereinafter referred to as "SMC") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. SMC is a registered member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited, MSEI (Metropolitan Stock Exchange of India Ltd) and M/s SMC Comtrade Ltd is a registered member of National Commodity and Derivative Exchange Limited and Multi Commodity Exchanges of India and other commodity exchanges in India. SMC is also registered as a Depository Participant with CDSL and NSDL. SMC's other associates are registered as Merchant Bankers, Portfolio Managers, NBFC with SEBI and Reserve Bank of India. It also has registration with AMFI as a Mutual Fund Distributor.

SMC is a SEBI registered Research Analyst having registration number INH100001849. SMC or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities market. SMC or its associates or its Research Analyst or his relatives do not hold any financial interest in the subject company interest at the time of publication of this Report. SMC or its associates or its Research Analyst or his relatives do not hold any actual/beneficial ownership of more than 1% (one percent) in the subject company, at the end of the month immediately preceding the date of publication of this Report. SMC or its associates its Research Analyst or his relatives does not have any material conflict of interest at the time of publication of this Report.

SMC or its associates/analyst has not received any compensation from the subject company covered by the Research Analyst during the past twelve months. The subject company has not been a client of SMC during the past twelve months. SMC or its associates has not received any compensation or other benefits from the subject company covered by analyst or third party in connection with the present Research Report. The Research Analyst has not served as an officer, director or employee of the subject company covered by him/her and SMC has not been engaged in the market making activity for the subject company covered by the Research Analyst in this report.

The views expressed by the Research Analyst in this Report are based solely on information available publicly available/internal data/ other reliable sources believed to be true. SMC does not represent/ provide any warranty expressly or impliedly to the accuracy, contents or views expressed herein and investors are advised to independently evaluate the market conditions/risks involved before making any investment decision. The research analysts who have prepared this Report hereby certify that the views /opinions expressed in this Report are their personal independent views/opinions in respect of the subject company.

Disclaimer: This Research Report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to the investor. It is only for private circulation and use. The Research Report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of this Research Report. The Research Report should not be reproduced or redistributed to any other person(s) in any form without prior written permission of the SMC. The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this Research Report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions. Please note that SMC its affiliates, Research Analyst, officers, directors, and employees, including persons involved in the preparation or issuance of this Research Report: (a) from time to time, may have long or short positions in, and buy or sell the securities thereof, of the subject company(ies) mentioned here in; or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company(ies) discussed herein or may perform or seek to perform investment banking services for such company(ies) or act as advisor or lender/borrower to such subject company(ies); or (c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions. All disputes shall be subject to the exclusive jurisdiction of Delhi High Court.