

April 28, 2023

**Tech Mahindra**

Current Price: ₹ 1004.2

## STOCK DATA

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

## VALUE PARAMETERS

52 W H/L(Rs)	1297.00/944.10
Mkt. Cap.(Rs Cr)	97825.42
Latest Equity(Subscribed)	487.08
Latest Reserve (cons.)	26347.4
Latest EPS (cons.) -Unit Curr.	53.58
Latest P/E Ratio -cons	18.74
Latest Bookvalue(cons.) -Unit Curr.	275.46
Latest P/BV - cons	3.65
Dividend Yield -%	2.88
Face Value	5

## SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/03/2023
Foreign	27.9
Institutions	25.85
Govt Holding	0.17
Non Promoter Corp. Hold.	0.47
Promoters	35.18
Public & Others	10.43

## Consolidated Financial Results

In Cr.

	Qtr Ended Mar. 23	Qtr Ended Dec. 22	VAR %	Qtr Ended Mar. 22	VAR %
Sales	13718.2	13734.6	-0.12	12116.3	13.22
OPM (%)	13.14	15.54	-15.44	17.24	-23.78
OP	1803	2135	-15.55	2088.4	-13.67
Other income	305.5	247.2	23.58	324.3	-5.8
PBIDT	2108.5	2382.2	-11.49	2412.7	-12.61
Interest	93.4	112.9	-17.27	55.2	69.2
PBDT	2015.1	2269.3	-11.2	2357.5	-14.52
Depreciation	490.2	498.1	-1.59	484.2	1.24
PBT	1524.9	1771.2	-13.91	1873.3	-18.6
Tax	399.9	485.9	-17.7	328	21.92
PAT	1125	1285.3	-12.47	1545.3	-27.2
Minority interest	7.3	-11.3		39.6	-81.57
Net profit	1117.7	1296.6	-13.8	1505.7	-25.77
EPS (Rs)	12.7	14.74	-13.84	17.16	-25.99

**Tech Mahindra Q4FY23, Revenue flat on QoQ but profit declined due to margin pressure - Below Estimates**

### On consolidated basis

#### Quarter ended March 2023 compared with Quarter ended December 2022.

Net sales (including other operating income) of Tech Mahindra has declined 0.12% to Rs 13718.2 crore. Operating profit margin has declined from 15.54% to 13.14%, leading to 15.55% decline in operating profit to Rs 1,803.00 crore. Employee cost increased from 51.36% to 52.43%. Other expenses rose from 33.03% to 34.40%. Software technology development services cost fell from 14.37% to 14.11%.

Other income rose 23.58% to Rs 305.5 crore. PBIDT fell 11.49% to Rs 2108.5 crore. Provision for interest fell 17.27% to Rs 93.4 crore. Loan funds remained nil. PBDT fell 11.2% to Rs 2015.1 crore. Provision for depreciation fell 1.59% to Rs 490.2 crore. Profit before tax down 13.91% to Rs 1,524.90 crore. Share of profit/loss was 44.44% higher at Rs -5 crore. Provision for tax was expense of Rs 399.9 crore, compared to Rs 485.9 crore. Effective tax rate was 26.22% compared to 27.43%. Net profit attributable to owners of the company decreased 13.80% to Rs 1,117.70 crore.

#### Quarter ended March 2023 compared with Quarter ended March 2022.

Net sales (including other operating income) of Tech Mahindra has increased 13.22% to Rs 13718.2 crore. Sales of BPO segment has gone up 26.06% to Rs 1,920.80 crore (accounting for 14.00% of total sales). Sales of IT segment has gone up 11.37% to Rs 11,797.40 crore (accounting for 86.00% of total sales). Operating profit margin has declined from 17.24% to 13.14%, leading to 13.67% decline in operating profit to Rs 1,803.00 crore. Employee cost increased from 49.91% to 52.43%. Other expenses rose from 32.85% to 34.40%. Software technology development services cost fell from 15.74% to 14.11%.

Other income fell 5.8% to Rs 305.5 crore. PBDIT fell 12.61% to Rs 2108.5 crore. Provision for interest rose 69.20% to Rs 93.4 crore. PBDT fell 14.52% to Rs 2015.1 crore. Provision for depreciation rose 1.24% to Rs 490.2 crore. Profit before tax down 18.6% to Rs 1,524.90 crore. Provision for tax was expense of Rs 399.9 crore, compared to Rs 328 crore. Effective tax rate was 26.22% compared to 17.51%. Minority interest decreased 81.57% to Rs 7.30 crore. Net profit attributable to owners of the company decreased 25.77% to Rs 1,117.70 crore.

## Management commentary:

**Commenting on the performance CP Gurnani, Managing Director & Chief Executive Officer, Tech Mahindra, said,** "As we step into FY`24, we see the increasing need for businesses to stay agile by leveraging next generation technologies. We are strongly focused on helping our customers stay competitively dominant and relevant in the era of fast evolving market conditions by helping them adapt to leaner and sustainable business models"

**RohitAnand, Chief Financial Officer, Tech Mahindra, said,** "Our strategy of prudence and operational excellence helped us through the uncertainties of FY`23. We continue to return cash to shareholders through a consistent dividend policy. We move into the next fiscal, with sharper focus on productivity improvements, cash & value creation for our stakeholders"

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