

## TECH MAHINDRA LTD

TP: 1850 | Upside: 20% | BUY

### IT - Software

16<sup>th</sup> Feb, 2026

Market Cap - ₹ 1,50,332 Cr.	Current Price - ₹ 1,534	High / Low - ₹ 1,854 / 1,209	Dividend Yield - 2.93 %
EPS - ₹ 47.2	Promoter holding - 35.0 %	ROE - 14.6 %	ROCE - 18.6 %

### Key Sensitivities & External Factors

#### Structural & Industry Shifts

##### ➤ AI- led Disruption & “SaaS Crisis” Concerns (“Saaspocalypse”)

- Recent advanced AI tools (like those from Anthropic) have triggered a significant reassessment of Software-as-a-Service (SaaS) and traditional IT services valuations, with some analysts describing the situation as a “Saaspocalypse” a sharp correction in SaaS and IT stock prices due to fears of automation disrupting legacy business models.
- The CEO of Tech Mahindra has publicly stated that these market reactions are overreactions and that AI should ultimately act as a tailwind for services and software companies, but the uncertainty persists among investors.
- This sentiment reflects broader external perception risks rather than a specific product or service crisis at Tech Mahindra, and ties into wider fears about:
  - automation reducing headcount-based outsourcing revenue;
  - Pricing pressure on SaaS and software contracts;
  - accelerated technology shifts altering long-term growth trajectories.
- While AI created SaaS fears, it also increases demand for AI integration, cloud migration, and digital transformation services.

##### ➤ Market Performance & Sector Sentiment

- Ongoing weakness in global markets, especially due to broader technology sell-offs, has weighed on valuations of Indian IT firms, including Tech Mahindra, as investors reassess growth prospects.
- Economic uncertainty in the US and Europe reduces discretionary tech budgets, delaying projects and lowering deal sizes.

##### ➤ Regulatory & Legal Risks

- Geopolitical tensions and trade/visa policy shifts (e.g., U.S. tariff discussions; H-1B visa tightening) has impacted operational cost structures and client spending, especially in key regions like the U.S.

##### ➤ Economic Slowdowns

- Global economic uncertainty and slower discretionary tech spending (especially in North America and Europe) directly impact demand for Tech Mahindra’s services, leading to delayed or reduced client projects and slower revenue growth.




##### ➤ 5G & Telecom Expansion

- Tech Mahindra’s strong telecom focus benefits from global 5G rollout and network modernization.

### Kantilal Chhaganlal Securities Pvt Ltd

SEBI Reg. Nos.: INZ000216538 (Stock Broker), INH00001428 (Research Analyst)

601 Inizio Business Centre, Cardinal Gracious Road Opposite Proctor and Gamble, Chakala, Andheri West, Mumbai

 [research@kcsecurities.com](mailto:research@kcsecurities.com)  02267236000  [www.kcsecurities.com](http://www.kcsecurities.com)

## Industry Overview

- By 2026, the global IT software industry is transitioning from experimental AI adoption to AI-first and agentic engineering models, with enterprises embedding AI directly into business workflows rather than using it as an add-on. AI is evolving from simple assistants to autonomous agents capable of executing complex tasks within enterprise systems.
- Developers are increasingly orchestrating AI tools rather than manually coding, shifting the software development model from writing code to expressing intent and designing AI-driven architectures. Hybrid and multi-cloud adoption is accelerating as organizations seek compliance, data sovereignty, and operational resilience, while low-code and no-code platforms are maturing, allowing non-technical users to create enterprise-grade applications under IT governance.
- Cybersecurity is also being transformed through AI-powered threat detection and shift-left DevSecOps practices, enabling proactive defense against sophisticated attacks. Globally, the software market is projected to exceed **\$800 billion by 2026**, with enterprise spending increasingly focused on AI, cloud, cybersecurity, and automation.
- Major SaaS providers are pursuing AI-native acquisitions to strengthen their platforms, and AI-driven software solutions are expected to dominate enterprise spending by 2030. At the same time, organizations are preparing for post-quantum security requirements and integrating sustainability into IT operations through GreenOps practices.
- In India, the IT software sector remains a key global hub for software development, IT services exports, and AI engineering. India's IT spending is projected to grow faster than global averages, with enterprise software and AI-enabled solutions driving double-digit growth.
- Global Capability Centres (GCCs) are expanding rapidly, supporting multinational operations and reinforcing India's position in global digital transformation. Indian enterprises are adopting AI, cloud, and cybersecurity solutions across banking, telecom, retail, and government sectors.
- Challenges include reliance on US and European markets, global macroeconomic pressures affecting discretionary IT spending, and the need for rapid AI upskilling within the workforce. Despite these challenges, India's IT sector is well-positioned to leverage AI-driven automation, cloud modernization, and platform engineering, maintaining strong growth and sustaining its role as a global technology services leader.



### Kantilal Chhaganlal Securities Pvt Ltd

SEBI Reg. Nos.: INZ000216538 (Stock Broker), INH00001428 (Research Analyst)

601 Inizio Business Centre, Cardinal Gracious Road Opposite Proctor and Gamble, Chakala, Andheri West, Mumbai



[research@kcsecurities.com](mailto:research@kcsecurities.com)



02267236000

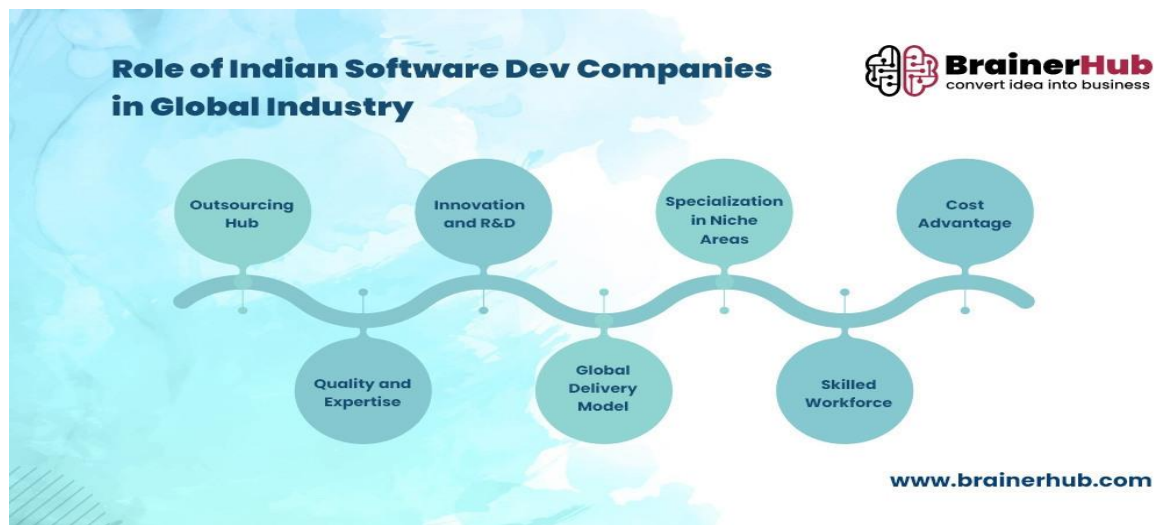


[www.kcsecurities.com](http://www.kcsecurities.com)

## Business Overview

Tech Mahindra is a global consulting service and systems integrator that operates in over 90+ countries, delivering solutions with a unique blend of digital innovation and robust, industry-strong processes. It was formed in 1986 as a joint venture between Mahindra & Mahindra and BT Group. Part of the Mahindra Group, the company is headquartered in Pune and has its registered office in Mumbai.

It offers a wide range of services, including consulting, digital transformation, and business process outsourcing. Tech Mahindra's commitment to cutting-edge technology and client success has solidified its position as a leading player in the IT services sector.



## Core Business: IT Services & Digital Solutions

Tech Mahindra earns most of its revenue by delivering **IT consulting, technology implementation, and digital transformation services** to businesses across industries such as telecom, banking, healthcare, manufacturing, retail, and more. It helps clients modernize and manage their technology platforms, shifting legacy systems to cloud-native, data-driven, scalable architectures.

Typical offerings include:

- **Application development & maintenance**
- **Enterprise software integration**
- **Cloud migration and management**
- **Data analytics & AI solutions**
- **Cybersecurity services**
- **Network and infrastructure services**

All these are customized around client needs and often delivered through long-term contracts.



## Kantilal Chhaganlal Securities Pvt Ltd

SEBI Reg. Nos.: INZ000216538 (Stock Broker), INH00001428 (Research Analyst)

 601 Inizio Business Centre, Cardinal Gracious Road Opposite Proctor and Gamble, Chakala, Andheri West, Mumbai



[research@kcsecurities.com](mailto:research@kcsecurities.com)



02267236000



[www.kcsecurities.com](http://www.kcsecurities.com)

### Digital Transformation and Emerging Tech

Tech Mahindra's business model increasingly revolves around next-generation technologies such as:

- Artificial Intelligence
- Internet of Things (IoT)
- Blockchain
- 5G Services
- Automation & Robotics

These capabilities are bundled into consulting and delivery services to improve operational efficiency and strategic competitiveness for clients' businesses.

### Business Process Services (BPS)

- Beyond pure IT services, Tech Mahindra also operates a Business Process Services (BPS) division. This is essentially outsourcing of entire business processes like customer support, back-office operations, and experience management, delivered through digital platforms and automation.
- Clients pay for these services as managed services often on a subscription or contract basis rather than building internal capacity themselves.

### Long-Term Contracts & Retainer Models

- A big part of Tech Mahindra's revenue stability comes from long-term contracts and relationships with large enterprises, including Fortune 500 companies. These contracts are typically multi-year and often involve recurring services (support, maintenance, managed services).

### Global Delivery & Offshore Advantage

The company operates delivery centers globally, with a large offshore workforce based in India. This allows:

- Lower cost delivery
- 24/7 service capabilities
- Scalability across regions

Clients benefit from cost efficiencies and access to a large talent pool, while Tech Mahindra benefits from competitive pricing.

### Strategic Partnerships


- Tech Mahindra builds partnerships with major technology vendors and cloud providers (e.g., AWS, Microsoft, Google Cloud) to co-deliver solutions and access technology platforms it doesn't develop in-house. This broad ecosystem expands its service portfolio and brings cross-selling opportunities.

### How It Creates Value

- Helps enterprises transform legacy systems to modern digital platforms.
- Delivers operational cost savings through automation and cloud integration.
- Enhances customer experiences with digital solutions.
- Provides scalability and flexibility via offshore delivery models.

#### Kantilal Chhaganlal Securities Pvt Ltd

SEBI Reg. Nos.: INZ000216538 (Stock Broker), INH00001428 (Research Analyst)

 601 Inizio Business Centre, Cardinal Gracious Road Opposite Proctor and Gamble, Chakala, Andheri West, Mumbai



[research@kcsecurities.com](mailto:research@kcsecurities.com)



02267236000



[www.kcsecurities.com](http://www.kcsecurities.com)

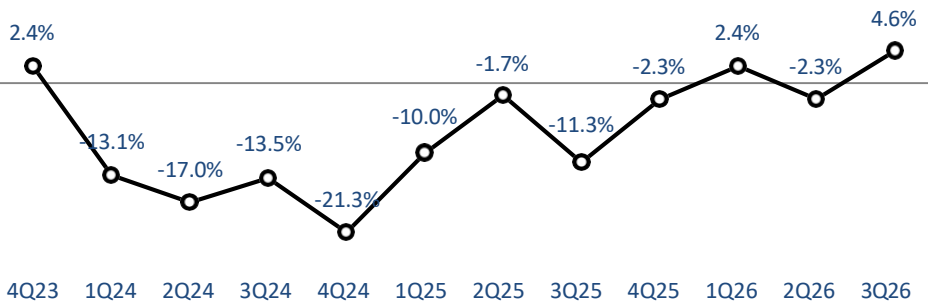
## Company Financials

### Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	565	604	668
EBIT Margin (%)	12.5	14.9	14.9
Adj. PAT	52.8	72.6	80.4
Adj. EPS (INR)	59.5	81.8	90.6
PAT	50.8	72.6	80.4
EPS (INR)	57.2	81.8	90.6
EPS Gr. (%)	19.4	43.0	10.8
BV/Sh. (INR)	317.7	329.8	343.3
<b>Ratios</b>			
RoE (%)	19.0	25.3	27.0
RoCE (%)	21.9	26.9	28.7
Payout (%)	85.0	85.0	85.0
<b>Valuations</b>			
P/E (x)	28.0	20.4	18.4
P/BV (x)	5.3	5.1	4.9
EV/EBITDA (x)	16.1	13.2	11.9
Div Yield (%)	3.0	4.2	4.6

Communications growth recovered in 3QFY26 and expected to grow in FY27 on back of account wins and large deal ramp-up

—○— Communications USD YoY Growth



## Kantilal Chhaganlal Securities Pvt Ltd

SEBI Reg. Nos.: INZ000216538 (Stock Broker), INH00001428 (Research Analyst)

601 Inizio Business Centre, Cardinal Gracious Road Opposite Proctor and Gamble, Chakala, Andheri West, Mumbai



[research@kcsecurities.com](mailto:research@kcsecurities.com)



02267236000



[www.kcsecurities.com](http://www.kcsecurities.com)

## Quarterly Performance

(INR b)

Y/E March	FY25				FY26E				FY25	FY26E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Revenue (USD m)	1,559	1,589	1,567	1,549	1,564	1,586	1,610	1,641	6,264	6,401	1,591	1.2
QoQ (%)	0.7	1.9	-1.4	-1.1	1.0	1.4	1.5	1.9	-0.2	2.2	0.3	123bp
Revenue (INR b)	130	133	133	134	134	140	144	147	530	565	142	1.6
YoY (%)	-1.2	3.5	1.4	4.0	2.7	5.1	8.3	10.0	1.9	6.5	6.6	175bp
GPM (%)	26.5	27.9	28.8	29.2	28.7	29.1	30.3	30.5	28.1	29.7	29.7	63bp
SGA (%)	14.5	14.8	15.2	15.2	14.2	13.7	13.9	13.5	14.9	13.8	13.8	10bp
EBITDA	16	18	18	19	19	22	24	25	70	90	23	5.1
EBITDA Margin (%)	12.0	13.1	13.6	14.0	14.5	15.5	16.4	17.0	13.2	15.9	15.9	54bp
EBIT	11	13	14	14	15	17	19	20	51	71	18	5.2
EBIT Margin (%)	8.5	9.6	10.2	10.5	11.1	12.1	13.1	13.7	9.7	12.5	12.7	44bp
Other income	1	4	-1	1	1	0	-1	2	5	1	2	-174.0
ETR (%)	26.7	26.6	23.9	22.0	30.2	27.5	25.3	26.0	24.8	27.1	26.0	-67bp
Adj. PAT	9	13	10	12	11	12	13	16	43	53	15	-8.8
QoQ (%)	-12.2	46.8	-21.4	18.7	-2.2	4.7	10.9	22.2			21.6	-
YoY (%)	-10.9	27.8	36.8	20.3	34.0	-4.4	34.7	38.7	17.4	24.1	47.7	-
Extra-Ordinary Item	0.0	0.0	0.0	0.0	0.0	0.0	2.0	0.0	0.0	2.0	0.0	1301bp
Reported PAT	9	13	10	12	11	12	11	16	43	51	15	-22.7
EPS (INR)	9.6	14.1	11.1	13.2	12.9	13.5	14.9	18.2	47.9	59.5	16.4	-8.8

## Key Performance Indicators

Y/E March	FY25				FY26			FY27
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
Revenue (QoQ CC %)	0.7	0.7	1.2	-1.5	-1.4	1.6	1.7	
Margins (%)								
Gross Margin	26.5	27.9	28.8	29.2	28.7	29.1	30.3	
EBITDA margin	12.0	13.1	13.6	14.0	14.5	15.5	16.4	
EBIT Margin	8.5	9.6	10.2	10.5	11.1	12.1	13.1	
Net Margin	6.5	9.4	7.4	8.7	8.5	8.5	9.2	
Operating Metrics								
Headcount (k)	148	154	150	149	149	153	150	
Util excl. trainees (%)	86.0	86.0	86.0	86.0	85.0	84.4	86.6	
Attrition (%)	10.0	10.6	11.2	11.8	12.6	12.8	12.3	
Deal TCV (USD m)	534	603	745	798	809	816	1096	
Key Verticals (QoQ %)								
Communication	-2.0	2.8	-4.0	1.0	2.8	-1.9	2.8	
Enterprise	2.1	1.4	0.0	-2.2	0.1	3.1	1.1	
Key Geographies (QoQ%)								
North America	3.9	-0.6	-1.9	-5.8	2.6	2.6	3.1	
Europe	-2.6	4.5	-3.0	6.4	3.4	-0.9	2.3	

### Kantilal Chhaganlal Securities Pvt Ltd

SEBI Reg. Nos.: INZ000216538 (Stock Broker), INH00001428 (Research Analyst)

601 Inizio Business Centre, Cardinal Gracious Road Opposite Proctor and Gamble, Chakala, Andheri West, Mumbai



[research@kcsecurities.com](mailto:research@kcsecurities.com)



02267236000



[www.kcsecurities.com](http://www.kcsecurities.com)

- Tech Mahindra (TECHM) reported 3QFY26 revenue of USD1.6b, up 1.7% QoQ in CC vs. our estimate of 0.5% CC growth. Retail/Technology/Healthcare rose 4.0%/3.0%/3.0% QoQ, whereas BFSI declined 6.2% QoQ (in USD terms). EBIT margin was up 100bp QoQ at 13.1%, beating our estimates of 12.7%.
- Adj. PAT stood at INR13b (up 10.9% QoQ/34.7% YoY), below our estimate of INR15b. This excluded the one-time impact of INR2,724m related to changes in labor codes. NN deal TCV of USD1,096m was up 34% QoQ/47% YoY.
- In INR terms, revenue/EBIT/adj. PAT grew 5.4%/35.8%/18.6% in 9MFY26 YoY. In 4QFY26, we expect revenue/EBIT/ adj. PAT to grow by 10%/43%/39% YoY. We reiterate BUY on TECHM with a TP of INR2,350 (implying 41% upside), based on 26x FY28E EPS.
- Revenue stood at USD1.6b, up 1.7% QoQ CC (up 1.5% QoQ in USD terms), above our estimate of 0.5% QoQ CC growth.
- IT service/BPO were up 1.3%/2.6% QoQ. Americas/Europe grew 3.1%/2.2% QoQ.
- Retail/Technology/Healthcare rose 4.0%/3.0%/3.0% QoQ, whereas BFSI declined 6.2% QoQ (in USD terms).
- EBIT margin was up 100bp QoQ at 13.1%, beating our estimates of 12.7%.
- Net employee count fell by 3,098 (down 2% QoQ). Utilization (ex. trainees) was up 220bp QoQ at 86.6%. LTM attrition was down by 50bp at 12.3%.
- NN deal TCV at USD1,096m was up 34% QoQ/47% YoY.
- Adj. PAT stood at INR13b (up 10.9% QoQ/34.7% YoY), below our estimate of INR15b. This excluded the one-time impact of INR2,724m on account of changes in labor codes.
- FCF conversion to PAT stood at 131% vs. 176% in 2QFY26.

### **In summary:**

- Tech Mahindra showed steady revenue growth, particularly in Retail, Technology, and Healthcare segments.
- Profit margins improved and exceeded expectations.
- The BFSI sector faced some weakness.
- Strong new contract wins and improving operational efficiency (utilization and attrition).
- Slight decline in employee count and free cash flow conversion.
- Overall, the company's financial health and future outlook remain positive, with an analyst recommendation to buy shares expecting substantial upside.

### **Kantilal Chhaganlal Securities Pvt Ltd**

SEBI Reg. Nos.: INZ000216538 (Stock Broker), INH00001428 (Research Analyst)

 601 Inizio Business Centre, Cardinal Gracious Road Opposite Proctor and Gamble, Chakala, Andheri West, Mumbai



[research@kcsecurities.com](mailto:research@kcsecurities.com)



02267236000



[www.kcsecurities.com](http://www.kcsecurities.com)

## Key Strengths

### Diversified Service Portfolio Beyond SaaS

Tech Mahindra isn't purely a SaaS company; it's a full-stack IT and digital services provider. Its offerings span:

- IT consulting
- Application development & maintenance
- Cloud migration & infrastructure services
- Business Process Outsourcing (BPO)
- Emerging tech like AI, IoT, and 5G

This diversification reduces dependency on the volatile SaaS market and cushions against sector-specific downturns.

### Strong Presence in Telecommunications & Enterprise IT

- Originating as a tech provider for the telecom industry, Tech Mahindra remains a leader in telecom digital services, a sector less prone to SaaS-style churn and price wars.
- Their deep domain expertise in telecom and BFSI helps in securing long-term contracts, which provide steady, predictable revenue.

### Robust Digital Transformation Expertise

- Many enterprises (especially in India and globally) are still in the early to mid-stages of digital transformation, beyond just SaaS adoption.
- Tech Mahindra excels at helping clients migrate legacy systems to cloud, integrate hybrid environments, and automate workflows.
- This consultative, project-driven model reduces the risk of SaaS churn since clients rely on ongoing service relationships rather than just software subscriptions.

### Strong Offshore Delivery Model

- A large, skilled workforce in India allows Tech Mahindra to provide cost-competitive and scalable services.
- This advantage is crucial during economic downturns or when customers look to optimize IT spending without sacrificing quality.

### Focus on Emerging Technologies & Innovation


- Investments in AI, blockchain, automation, and 5G enable Tech Mahindra to offer differentiated, high-value solutions.
- This helps the company move up the value chain, beyond commodity SaaS products, to more strategic and less price-sensitive projects.

### Long-term Client Relationships and Contractual Stability

- Tech Mahindra's emphasis on multi-year contracts and managed services means recurring revenue streams that are less volatile than SaaS license fees.
- Their clients are often large enterprises with critical IT operations, making sudden contract cancellations less

## Kantilal Chhaganlal Securities Pvt Ltd

SEBI Reg. Nos.: INZ000216538 (Stock Broker), INH00001428 (Research Analyst)

 601 Inizio Business Centre, Cardinal Gracious Road Opposite Proctor and Gamble, Chakala, Andheri West, Mumbai



[research@kcsecurities.com](mailto:research@kcsecurities.com)



02267236000



[www.kcsecurities.com](http://www.kcsecurities.com)

## Indian IT Sector Tailwinds

- India remains a top global IT talent hub, enabling Tech Mahindra to innovate and scale delivery effectively.
- The Indian government's push for Digital India, Make in India, and expanding 5G infrastructure creates domestic growth opportunities.
- Tech Mahindra benefits from this macro environment as it can service domestic and international clients with high-quality Indian talent at competitive costs.

## Resilience to Macroeconomic Shifts

- The company's geographic diversification (Americas, Europe, India, Asia-Pacific) provides a hedge against region-specific downturns.
- Ability to pivot services (e.g., increased focus on cost optimization solutions during recessions) enhances resilience.

## Peer Comparison

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1	TCS	2706.35	19.18	979181.1	2.21	10720	6.69	67087	4.87	64.63
2	Infosys	1353	19.03	548597.5	3.16	6666	10.79	45479	8.9	37.5
3	HCL Technologies	1462	23.1	396737.8	3.69	4082	4.19	33872	13.32	31.61
4	Wipro	213.7	16.89	224114.8	5.14	3145	-7	23555.8	5.54	19.51
5	LTIMindtree	5118.45	29.31	151758.6	1.26	959.6	28.57	10781	11.59	27.63
6	Tech Mahindra	1521.25	30.98	149043.4	2.97	1118.6	32.95	14393.2	8.34	18.56
7	Persistent Systems	5526.95	48.47	87187.62	0.64	439.45	35.75	3778.21	23.38	30.44
	Median: 68 Co.	261.98	23.06	745.48	0.38	10.07	15.25	86.22	12.32	20.95

## Key Risks

### SaaS Market Saturation and Pricing Pressure

- Many SaaS vendors face intense competition, leading to aggressive pricing and discounting.
- As clients seek to cut IT costs, spending on SaaS licenses and related IT services could be curtailed, impacting Tech Mahindra's revenues in this segment.
- Reduced new SaaS deals or slower adoption by clients can limit growth opportunities

### Global Economic Uncertainty and Slowdown

- Recession fears in key markets (US, Europe) may cause clients to delay or reduce IT spending, impacting new project wins and contract renewals.
- Currency volatility (especially USD/INR) can affect Tech Mahindra's reported revenues and margins.
- Inflation and rising interest rates may tighten corporate budgets globally.

## Kantilal Chhaganlal Securities Pvt Ltd

SEBI Reg. Nos.: INZ000216538(Stock Broker), INH00001428(Research Analyst)

601 Inizio Business Centre, Cardinal Gracious Road Opposite Proctor and Gamble, Chakala, Andheri West, Mumbai

✉ [research@kcsecurities.com](mailto:research@kcsecurities.com) ☎ 02267236000 🌐 [www.kcsecurities.com](http://www.kcsecurities.com)

### Client Budget Constraints and Project Delays

- Customers might prioritize cost-cutting, pushing for renegotiations, price reductions, or postponing digital transformation projects.
- This can impact Tech Mahindra's project pipelines, profitability, and cash flow.

### Talent Retention and Wage Inflation in India

- The Indian IT sector faces high attrition rates and fierce competition for skilled talent.
- Wage inflation and the cost of hiring/retaining top tech talent could squeeze margins.
- Loss of key employees can disrupt delivery quality and client relationships.

### Geopolitical Risks and Regulatory Changes

- Trade tensions, protectionist policies, or visa restrictions (e.g., H-1B caps in the US) can disrupt the offshore delivery model.
- Changes in data privacy regulations (like GDPR in Europe or new Indian laws) increase compliance costs and complexity.

### Technological Disruption and Competition

- Rapid tech changes require continuous investment in skills and innovation.
- Competitors (including large global IT firms and specialized SaaS vendors) may capture market share.
- Falling behind in emerging technologies like AI, cloud-native platforms, or automation can reduce Tech Mahindra's competitiveness.

### Dependency on Large Clients and Specific Verticals

- Heavy reliance on sectors like BFSI and Telecom exposes the company to sector-specific downturns.
- BFSI's recent decline in revenue signals vulnerability if these clients cut back on tech spend.

### Currency Fluctuation and Inflationary Pressures

- As a company with global operations, Tech Mahindra's profits are exposed to currency risks, especially INR depreciation or USD volatility.
- Inflation in India raises operational costs, affecting margins if not passed on to clients.

### One-Time Costs and Labor Code Changes

- As noted, labor code reforms in India caused a one-time financial impact. Future regulatory or legal changes could cause additional unforeseen expenses.

### Slow Adoption of Digital Initiatives in Certain Markets

- Some regions or clients may delay digital transformation investments due to economic or political uncertainty.
- Slower adoption of cloud, AI, and automation limits growth in higher-margin services.



## Kantilal Chhaganlal Securities Pvt Ltd

SEBI Reg. Nos.: INZ000216538 (Stock Broker), INH00001428 (Research Analyst)

 601 Inizio Business Centre, Cardinal Gracious Road Opposite Proctor and Gamble, Chakala, Andheri West, Mumbai



[research@kcsecurities.com](mailto:research@kcsecurities.com)



02267236000




[www.kcsecurities.com](http://www.kcsecurities.com)




## Valuation and Outlook

- Tech Mahindra has demonstrated a strong rebound in deal wins, expanding EBIT margins, and an increasing contribution from large strategic clients, all of which enhance earnings visibility for FY27.
- Management is confident in outgrowing peers by FY27 and progressing toward an 15% EBIT margin, signaling a structurally higher profitability cycle. This improvement is supported by operating leverage, fixed-price productivity gains, and deeper AI-led execution, which together are expected to sustain margin expansion over the medium term.
- On this basis, Tech Mahindra is valued at 20.0x, implying a target price of INR 1,850.
- Looking ahead, continued deal momentum, strategic client wins, and operational efficiencies could provide upside to our estimates.
- The company's focus on digital transformation, AI adoption, and high-value client engagement positions it well to capture a larger share of the evolving IT services market, although near-term valuations warrant a more cautious approach.
- Given the company's robust fundamentals and strategic positioning, we recommend **BUY** at current levels

### Kantilal Chhaganlal Securities Pvt Ltd

SEBI Reg. Nos.: INZ000216538 (Stock Broker), INH00001428 (Research Analyst)

 601 Inizio Business Centre, Cardinal Gracious Road Opposite Proctor and Gamble, Chakala, Andheri West, Mumbai

 [research@kcsecurities.com](mailto:research@kcsecurities.com)  02267236000  [www.kcsecurities.com](http://www.kcsecurities.com)

## DISCLAIMER

Kantilal Chhaganlal Securities Pvt Limited (defined as “KCSPL” or “Research Entity”) a company duly incorporated under the Companies Act, 1956 (CIN No U74140MH2001PTC132459) having its Registered office situated at 601-602, Inizio Business Centre, Cardinal Gracious Road, Chakala, Andheri East, Mumbai – 400 099 is regulated by the Securities and Exchange Board of India (“SEBI”) and is licensed to carry on the business of broking, Research Analyst and other related activities. E-mail address: [research@kcsecurities.com](mailto:research@kcsecurities.com) Contact details 022 67236000 Investor Grievance e-mail address- [investorcomplains@kcsecurities.com](mailto:investorcomplains@kcsecurities.com). This Report has been prepared by KCSPL in the capacity of a Research Analyst having SEBI Registration No. INH000001428 and Enlistment no. 5096 with BSE and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 includes Financial Instruments and Currency Derivatives. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in Securities referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors. This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject KCSPL and associates, subsidiaries / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. KCSPL reserves the right to make modifications and alterations to this statement as may be required from time to time. KCSPL or any of its associates / group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. KCSPL is committed to providing independent and transparent recommendation to its clients. Neither KCSPL nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The information provided in these reports remains, unless otherwise stated, the copyright of KCSPL. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of KCSPL and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders. KCSPL shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, breakdown of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of the KCSPL to present the data. In no event shall KCSPL be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the KCSPL through this report. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients other than intended recipients as customers by virtue of their receiving this report.

KCSPL and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the Securities, mentioned herein 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/company(ies) discussed herein or act as advisor or lender/borrower to such company(ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance. (c) KCSPL may have proprietary long/short position in the above mentioned scrip(s) and therefore should be considered as interested.

### Kantilal Chhaganlal Securities Pvt Ltd

SEBI Reg. Nos.: INZ000216538(Stock Broker), INH00001428(Research Analyst)

 601 Inizio Business Centre, Cardinal Gracious Road Opposite Proctor and Gamble, Chakala, Andheri West, Mumbai



[research@kcsecurities.com](mailto:research@kcsecurities.com)



02267236000



[www.kcsecurities.com](http://www.kcsecurities.com)




(d) The views provided herein are general in nature and do not consider risk appetite or investment objective of any particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with KCSPL. KCSPL or its associates may have received compensation from the subject company in the past 12 months. KCSPL or its associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. KCSPL or its associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. KCSPL or its associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. KCSPL or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research analyst or his/her relative or KCSPL's associates may have financial interest in the subject company. KCSPL and/or its Group Companies, their Directors, affiliates and/or employees may have interests/ positions, financial or otherwise in the Securities/Currencies and other investment products mentioned in this report. KCSPL, its associates, research analyst and his/her relative may have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance. Participants in foreign exchange transactions may incur risks arising from several factors, including the following: ( i) exchange rates can be volatile and are subject to large fluctuations; ( ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs and Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk. Research analyst has served as an officer, director or employee of subject Company in the last 12 month period ending on the last day of the month immediately preceding the date of publication of the Report.: No KCSPL has financial interest in the subject companies: No KCSPL's Associates may have actual / beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report. Research analyst or his/her relative may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report. No Subject company may have been client during twelve months preceding the date of distribution of the research report. There were no instances of non-compliance by KCSPL on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years. A graph of daily closing prices of the securities is also available at [www.nseindia.com](http://www.nseindia.com) Artificial Intelligence ("AI") tools may have been used (i) during the information gathering stage for compiling or collating the data from-(a) publicly available data sources; (b) databases to which KCSPL subscribes; and (c) internally generated research data, and/or (ii) for compiling summaries of the report.

SOURCE: COMPANY/BLOOMBERG/EXCHANGE

**Kantilal Chhaganlal Securities Pvt Ltd**

SEBI Reg. Nos.: INZ000216538(Stock Broker), INH00001428(Research Analyst)

 601 Inizio Business Centre, Cardinal Gracious Road Opposite Proctor and Gamble, Chakala, Andheri West, Mumbai

 [research@kcsecurities.com](mailto:research@kcsecurities.com)  02267236000  [www.kcsecurities.com](http://www.kcsecurities.com)