

21 September 2023

India | Equity Research | Company Update

## Tech Mahindra

Technology

### Turnaround around the corner, low hanging fruits around margins; Upgrade to 'BUY'

We believe, EBIT margin improvement is a low hanging fruit for TechM's new CEO Mr. Mohit Joshi; however, top line revival may take some time. That said, Mr Joshi's opening gambit (appointment of COO Mr. Atul Soneja and an internal reshuffle) bolsters our conviction for a successful turnaround. On balance, we also take cognizance that this is contingent on improving capabilities and filling white spaces in non-communication verticals, which should start reflecting in deal wins and market share gains. TechM's valuation looks stretched on consensus' estimates. But, Mr Joshi's initiatives playing out could form a strong premise for the stock to re-rate structurally. Given the backdrop, we increase our target multiple to 20x (earlier: 14x) and upgrade TechM to 'BUY'.

TechM (28%) has outperformed NIFTY IT (17%) on a YTD-basis despite showing weak results over the past three quarters. From our recent discussion with TechM management, we believe that EBIT margin can improve to ~15–16%, i.e. by ~500–600bps over FY24-26 vs. Street's estimate of 13.2% in FY26. However, mired by soft demand in the telecom vertical and weaker capabilities in other verticals, top line revival will take some time. We assume 10%/13.3% YoY CC revenue growth for FY25e/26e. Our EPS estimate increase of 10%/24% rides largely on the back of stronger ~200/300bps FY25/26 EBIT margin boost.

We increase our target multiple to 20x (prior: 14x) as the first few steps in turnaround efforts by Mr. Joshi instils confidence given the: 1) appointment of COO Mr. Atul Soneja; and 2) internal re-shuffling of responsibilities ([Link](#)). However, much rests on improving capabilities and filling whitespaces in non-communication verticals, improving incentive structure for sales, marketing and delivery operations team (yet to be decided by the board). This should start reflecting in deal wins and market share gains for TechM compared to competition.

TechM's valuation at 19x/17x looks stretched on consensus' FY25/26 EPS estimates. But should the above steps find implementation under the new management, then the stock carries the potential for a structural re-rating. We are ahead of Street by 7%/16% on FY25/26EPS estimates. We value TechM on 20x one-year-forward EPS (Q5-Q8 EPS) of INR 78 to arrive at TP of INR 1,552 (prior: INR 910), implying ~20% potential upside. With this, we upgrade TechM to 'BUY' (prior: 'SELL')

### Financial Summary

Y/E March (INR mn)	FY23A	FY24E	FY25E	FY26E
Net Revenue	5,32,902	5,32,293	5,85,121	6,63,059
EBITDA	80,288	72,161	1,05,988	1,27,108
EBITDA Margin (%)	15.1	13.6	18.1	19.2
Net Profit	48,569	41,627	64,736	78,851
EPS (Rs)	55.3	47.0	73.1	89.1
EPS % Chg YoY	(13.6)	(15.2)	55.7	21.8
P/E (x)	23.0	27.1	17.4	14.3
EV/EBITDA (x)	13.6	15.5	10.6	8.9
RoCE (%)	15.5	13.4	21.8	26.2
RoE (%)	17.3	14.7	23.2	27.7

#### Sumeet Jain

sumeet.jain@icicisecurities.com  
+91 22 6807 7573

#### Aditi Patil

aditi.patil@icicisecurities.com

#### Market Data

Market Cap (INR)	1,242bn
Market Cap (USD)	14,955mn
Bloomberg Code	TECHM IN
Reuters Code	TEML.BO
52-week Range (INR)	1,309 /968
Free Float (%)	64.0
ADTV-3M (mn) (USD)	41.0

Price Performance (%)	3m	6m	12m
Absolute	18.2	18.0	26.1
Relative to Sensex	5.9	17.0	13.3

ESG Disclosure	2021	2022	Change
ESG score	68.7	68.9	0.2
Environment	68.7	70.8	2.1
Social	50.1	48.5	(1.6)
Governance	87.4	87.4	-

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: Bloomberg, I-sec research

Earnings Revisions (%)	FY24E	FY25E	FY26E
USD Revenue	(2)	(4)	(1)
EBIT	(10)	10	23
EPS	(10)	10	24

#### Previous Reports

27-07-2023: [Q1FY24 results review](#)

28-04-2023: [Q4FY23 results review](#)

## Summary of analysis done on TechM

We have compared key operating metrics of TechM vs top 4 large cap Indian IT peers, analysed profitability of acquired subsidiaries and analysed improvement in margins of Zensar and Birlasoft post appointment of new CEOs. Based on our above analysis we believe that there are several low hanging fruits which new CEO Mr. Mohit Joshi can act upon to improve margins quickly.

At the same time, our analysis of 1) TechM's vertical and service line capabilities based on Gartner and ISG ratings as well as competencies of IT companies as listed on SaaS and Hyperscaler partner websites and 2) TechM's vertical wise revenue growth, deal win and client mining performance vs peers, suggest that new CEO needs to invest around building capabilities in non-communication verticals, invest in sales teams and change incentive structure of sales and delivery operations for improving account mining and large deal wins for improving top line performance of the company.

We have also studied the successful turnaround in Mahindra & Mahindra's Auto business and Financial services under the leadership of Mr. Anish Shah, MD & Group CEO, Mahindra Group. We believe that the parent Mahindra Group plans to bring about similar turnaround in Tech Mahindra led by new CEO Mr. Mohit Joshi. Appointment of COO Mr. Atul Soneja and recent organization re-shuffle (source: link) lend us confidence that new CEO Mr. Mohit Joshi is taking right steps in company's turnaround efforts.

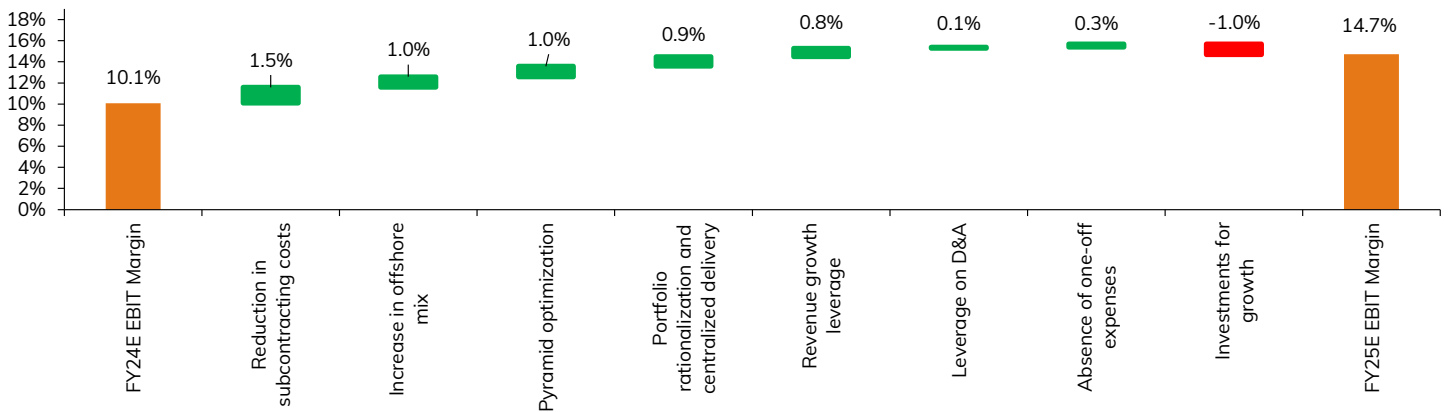
## Quick margin improvement possible by targeting low hanging fruits

TechM management targets to improve EBIT margins to ~15-16% by FY25-26. We believe there are several low hanging fruits which TechM management can act upon to improve margins quickly. Following are the key margin levers

- **Reduction in sub-con costs:** TechM has highest sub-con costs as % of revenue among large cap IT peers. Management targets to reduce this from current ~14% to 11% over next two years.
- **Improving offshore revenue mix:** TechM has highest onsite revenue mix at ~60% vs large cap IT peers. Company targets to reduce this by ~4-5%.
- **Pyramid optimization:** TechM targets to reduce its average resource cost by pyramid optimization.
- **Centralization of delivery operations:** TechM has separate delivery organization for each geography and for BPO and certain other service lines. Management plans to centralize the delivery organization to improve operating efficiencies.
- **Divestment of non-strategic business:** Management undertook divestment of non-strategic businesses (including business with low or volatile earnings profile) from FY23. It plans to continue this process in FY24 as well. Management mentioned that margin benefit this divestment may not be significant but it will free-up management bandwidth.

**Exhibit 1: We expect EBIT margin to improve by ~460bps YoY in FY25E**

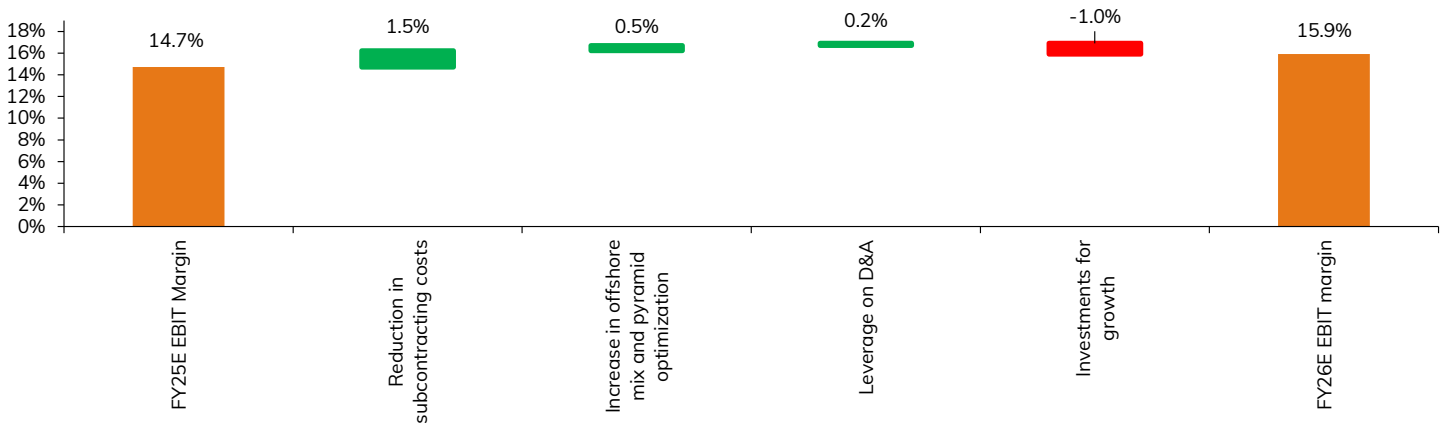
EBIT margin walk between FY24E to FY25E



Source: I-Sec research, Company data

**Exhibit 2: We expect EBIT margin to expand by ~120bps YoY in FY26E**

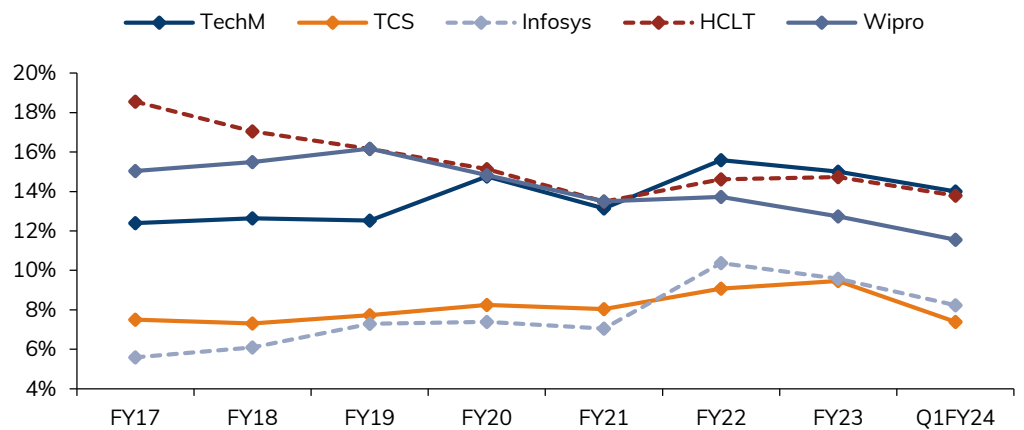
EBIT margin walk from FY25E to FY26E



Source: I-Sec research, Company data

**Exhibit 3: TechM has highest sub-con expenses among large peers**

Sub-contracting costs as % of revenue



Source: I-Sec research, Company data

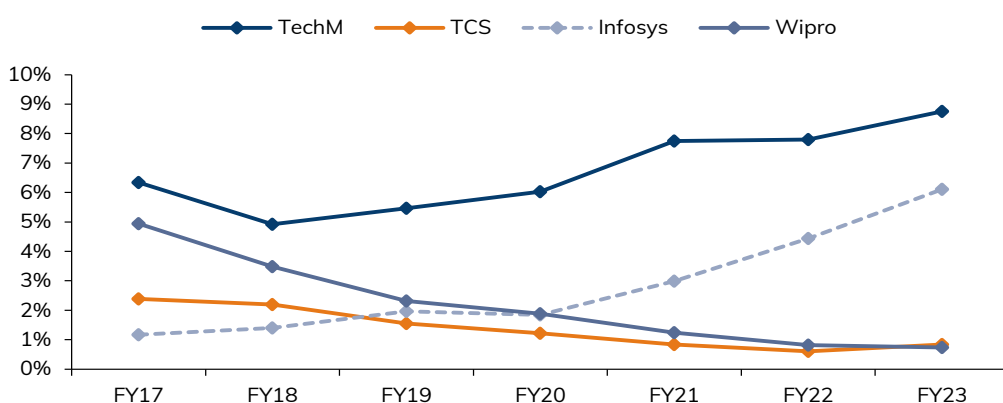
**Exhibit 4: TechM has high onshore revenue mix and management targets it to reduce by 4-5%**

	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Q1FY24
<b>Onshore revenue mix</b>								
TechM	63.8%	65.1%	65.4%	65.3%	63.2%	61.6%	NA	NA
Wipro	53.6%	53.2%	52.3%	52.7%	47.4%	43.9%	41.0%	40.5%
Mphasis	51.6%	55.2%	57.7%	57.9%	58.3%	58.5%	56.0%	52.1%
Coforge	60.2%	60.8%	64.8%	65.0%	62.2%	55.6%	50.2%	49.0%
Persistent	37.2%	43.0%	40.7%	39.6%	38.1%	36.3%	37.4%	NA
<b>Onsite effort mix</b>								
TechM						27.6%	27.3%	26.9%
Infosys	29.8%	29.3%	28.6%	28.0%	25.9%	23.9%	24.5%	24.7%

Source: I-Sec research, Company data

**Exhibit 5: TechM has highest pass through expenses among large cap peers**

Software, Hardware and Project Specific expenses as a % of revenue



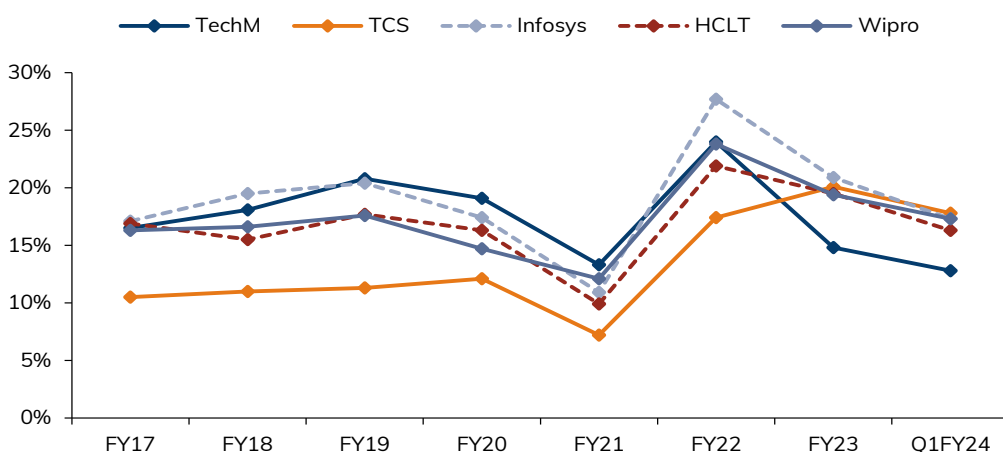
Source: I-Sec research, Company data

**Exhibit 6: Utilization is already optimized**

	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Q1FY24
<b>Utilization (including trainees)</b>								
TechM	75%	73%	76%	78%	81%	82%	82%	87%
Infosys	78%	81%	80%	80%	81%	82%	77%	79%
Wipro	71%	72%	74%	72%	76%	77%	73%	NA
<b>Utilization (excluding trainees)</b>								
TechM	78%	76%	79%	81%	82%	83%	83%	87%
Infosys	82%	85%	84%	84%	85%	88%	83%	81%
Wipro	82%	82%	85%	82%	86%	87%	81%	84%

Source: I-Sec research, Company data

**Exhibit 7: Attrition is lowest among large cap IT peers**



Source: I-Sec research, Company data

### Exhibit 8: Aggregate PAT margin of acquired subsidiaries at 5.2% is much lower than company average PAT margin of ~9%

Acquisition date	Acquired subsidiary	FY23 Revenue (INR mn)	As % of total revenue	FY23 PAT (INR mn)	As % of total PAT	PAT margin
13-Dec-12	Comviva Technologies	14,311	2.69%	-339	-0.7%	-2%
17-Jan-22	CTC	12,570	2.36%	1613	3.3%	13%
02-Jan-15	Lightbridge Communications Corporation	10,658	2.00%	792	1.6%	7%
02-Jan-15	Leadcom Integrated	9,104	1.71%	1130	2.3%	12%
26-Nov-19	Born Group Pte Limited	8,810	1.65%	-348	-0.7%	-4%
30-May-16	Pininfarina	6,402	1.20%	29	0.1%	0%
31-Dec-21	Allyis, Inc.	5,858	1.10%	516	1.1%	9%
18-Jun-21	Eventus Solutions Group, LLC	5,055	0.95%	354	0.7%	7%
09-Apr-20	Zen3 Infosolutions	5,064	0.95%	78	0.2%	2%
09-Apr-20	Tech Mahindra Cerium Private Limited	4,371	0.82%	677	1.4%	15%
03-Dec-21	Activus Connect LLC	3,952	0.74%	498	1.0%	13%
03-Jun-22	Thirdware Solution Limited	3,514	0.66%	551	1.1%	16%
07-May-21	Digital OnUs	3,097	0.58%	-192	-0.4%	-6%
15-Mar-21	Perigord	2,890	0.54%	212	0.4%	7%
31-Jul-19	Mad*Pow Media Solutions, LLC	963	0.18%	-162	-0.3%	-17%
17-Nov-21	Brainscale Inc.	893	0.17%	-233	-0.5%	-26%
25-Oct-21	We Make Websites	721	0.14%	57	0.1%	8%
01-Oct-21	Beris consulting	531	0.10%	-93	-0.2%	-18%
	<b>Total</b>	<b>98,764</b>	<b>19%</b>	<b>5,140</b>	<b>11%</b>	<b>5.2%</b>

Source: I-Sec research, Company data

#### Appointment of COO Amit Soneja is the first step in right direction in turnaround efforts by Mohit Joshi

Mr. Atul Soneja was appointed as COO of TechM on 7<sup>th</sup> Aug 2023, within few weeks of Mohit Joshi joining TechM as CEO designate on 20<sup>th</sup> June 2023. We believe that this is the first right step in turnaround efforts by Mohit Joshi because Mr. Atul Soneja has good credentials having managed delivery operations at Citius Tech and Infosys. In his previous role he served as COO at Citius Tech for two years. Prior to joining Citius, Mr. Atul has two-decade long experience of managing delivery of Financial services vertical at Infosys. In his last role in Infosys, he served as Senior Vice President-Service Offering Head-Financial Services (largest segment). Since both Mohit Joshi and Atul Soneja have worked in Infosys in Financial Services segment for over 20+ years, and have grown in common organisation culture, it will be easier for both of them to align with each other as well as align the organisational culture during this turnaround phase.

As per TOI article ([Link](#)) the operating structure headed by Mr. Atul Soneja is also finalised. Each service line will have 5 key capabilities including delivery, offering build and commercialisation, specialist sales, solutioning alliances and partnerships. All service lines will roll up to him including network services, engineering services and delivery excellence which were earlier separately managed.

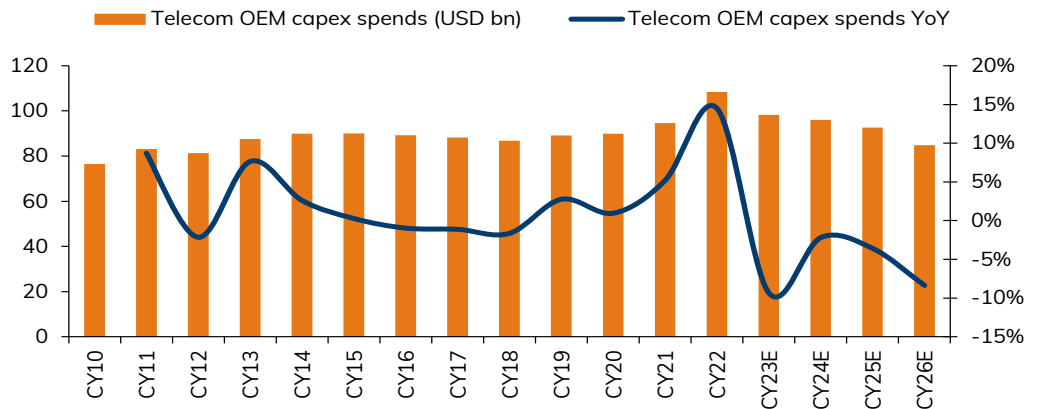
#### It could take more time and efforts to turnaround revenue growth trajectory

We are not building strong topline growth in FY25 because we believe that it could take some time for Mohit Joshi to build market share in enterprise vertical. First step will likely be to hire account captains to onboard F500 BFSI clients. Plus, competition for large deal wins is also heating up from larger players like TCS, Infosys, HCLT and Cognizant. We also expect growth to remain soft in communication vertical over next two years given weak telecom capex outlay by key global players.

#### Communication vertical growth to be muted

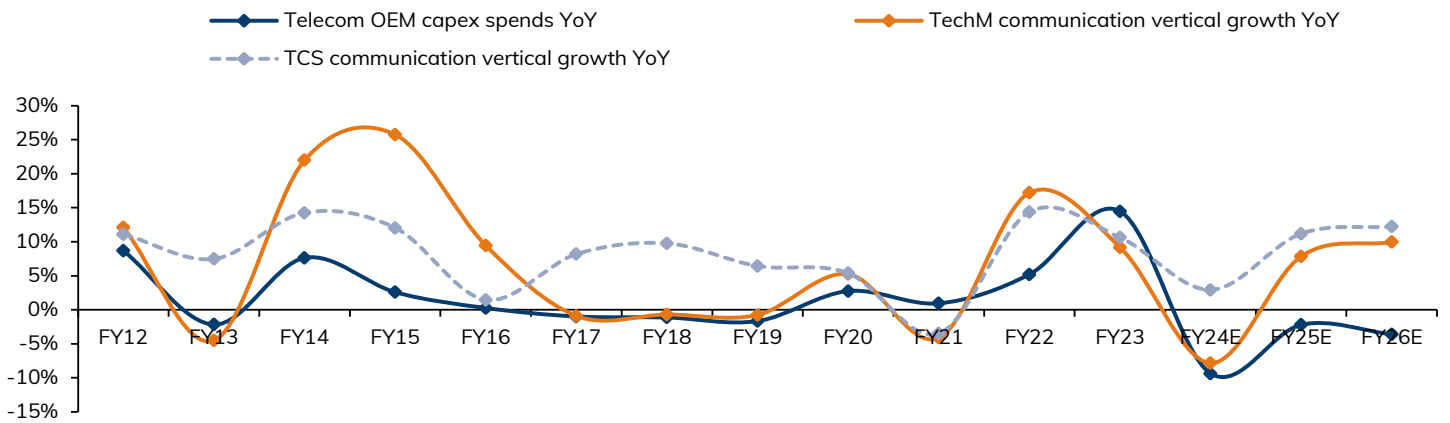
We expect TechM's communication vertical revenue to decline by ~8% YoY in FY24E given cut in technology spending by its top accounts, slowdown in 5G related tech spends and focus of telcos on reducing costs. TechM management also mentioned that 5G enterprise use cases have still not picked up. Further, we expect growth for this vertical to be muted in FY25 and FY26 as well, given slowdown in telecom capex spend growth during the same period (Source: telecom companies' guidance and bloomberg consensus estimates)

**Exhibit 9: Telecom OEM capex spend growth to slow down in CY24-26E**



Source: Bloomberg, Company data, I-Sec research, Note: Note: Aggregate of following telecom OEM capex spends are considered (AT&T, Verizon, Deutsche Telekom, T Mobile, Vodafone, Orange, Telefonica, BT)

**Exhibit 10: Communication vertical revenue of IT company has decent correlation with telecom OEM capex spend**



Source: Bloomberg, Company data, I-Sec research, Note: Note: Aggregate of following telecom OEM capex spends are considered (AT&T, Verizon, Deutsche Telekom, T Mobile, Vodafone, Orange, Telefonica, BT)

**Deal win TCV comparison**

TechM has won very few large or mega deal wins in last three to four years largely because of lower domain expertise in non-communication vertical. Also because of sub-scale margins and weak balance sheet (ROE, net cash) it has not been in the position to win large IT outsourcing deal where upfront investment is required in the initial phase where margins are low. We believe that it lost the recent large Verizon deal for the same reason. Investments in sales and delivery operations teams as well as improvement in incentive structure is necessary for building a large deal win sales engine similar to other large cap peers.

**Exhibit 11: Deal TCV growth for TechM is weakest for last two quarters**

	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24
<b>TCV (USD mn)</b>											
TCS	6,800	9,200	8,100	7,600	7,600	11,300	8,200	8,100	7,800	10,000	10,200
Infosys	7,129	2,111	2,570	2,152	2,525	2,257	1,691	2,744	3,300	2,100	2,300
Wipro	1,200	1,400	715	580	600	405	1,123	713	978	1,083	1,198
HCLT	1,300	3,100	1,664	2,245	2,135	2,260	2,054	2,384	2,347	2,074	1,565
TechM	456	1,043	815	750	704	1,011	802	716	795	592	359
<b>TCV (YoY)</b>											
TCS	13%	3%	17%	-12%	12%	23%	1%	7%	3%	-12%	24%
Infosys	293%	28%	47%	-32%	-65%	7%	-34%	28%	31%	-7%	36%
Wipro					-50%	-71%	57%	23%	63%	167%	7%
HCLT		48%	39%	40%	64%	-27%	23%	6%	10%	-8%	-24%
TechM	-63%	103%	181%	78%	55%	-3%	-2%	-5%	13%	-41%	-55%

Source: I-Sec research, Company data

### Vertical wise revenue growth and capabilities

TechM's revenue growth in two of its largest verticals – Communication and Manufacturing has been lower than peers. Though its growth over FY18-23 in BFSI, Technology and Retail has been better than peers, these verticals are at subscale size. Moreover, analysis of vertical wise capabilities of TechM vs large peers indicate that TechM is rated lower than peers in all verticals (BFSI, Retail, Manufacturing, Technology etc.) except Communication. It is also rated lower than large cap peers across Hyperscaler cloud and SaaS capabilities and other service line capabilities. Therefore, we believe that significant investment is required to develop these capabilities internally and/or also fill white spaces through acquisition.

### Exhibit 12: TechM is rated better than most peers in communication vertical

Communication vertical Expertise	TechM	Accenture	TCS	Infosys	HCLT	Wipro	Capgemini	Cognizant
<b>ISG ratings for Network Services</b>								
Network - Software Defined Solutions And Services - SDN Transformation Services (Consulting & Implementation) - U.K. 2023	4	4	0	2.5	4	4	1	0
Network - Software Defined Solutions and Services Managed SD-WAN Germany 2023	2.5	4	0	2.5	2.5	2.5	0	0
Network - Software Defined Solutions and Services UK	4	0	2.5	2.5	4	2.5	0	0
<b>ISG Communication and Media US 2022</b>								
Communications Business Services	4	4	4	2.5	4	2.5	2.5	2.5
Media Business Services	2.5	4	4	2.5	4	2.5	2.5	2.5
<b>Gartner Ratings</b>								
IT Services for Communications Service Providers	4	4	4	4	2.5	2.5	4	2.5
<b>Total</b>	<b>21.0</b>	<b>20.0</b>	<b>14.5</b>	<b>16.5</b>	<b>21.0</b>	<b>16.5</b>	<b>10.0</b>	<b>7.5</b>

Source: I-Sec research, ISG, Note: Leader = 4, contender = 1, Product challenger = 2.5, Market challenger = 2.5

### Exhibit 13: Telecom vertical revenue CAGR has been lowest for TechM among large cap peers

Telecom vertical revenue growth YoY USD	Definition of telecom vertical for each IT company	FY18	FY19	FY20	FY21	FY22	FY23	FY23 USD Telecom vertical revenue	FY18-FY23 CAGR
TechM	Communications, Media & Entertainment	-0.7%	-0.8%	5.3%	-6.0%	17.2%	9.0%	2,647	5%
TCS	Communication and Media	9.8%	6.4%	5.4%	-3.5%	14.4%	10.6%	1,856	6%
Infosys	Communication	20.8%	8.0%	13.6%	0.9%	19.4%	10.4%	2,248	10%
HCLT	Telecom, Media, Publishing and entertainment	-4.1%	17.0%	19.8%	-3.6%	22.0%	19.0%	1,031	12%
Wipro	Communication	-11.2%	-7.1%	0.8%	-11.0%	22.9%	2.5%	528	1%

Source: I-Sec research, Company data,

### Exhibit 14: TechM ranks lowest in BFSI vertical expertise vs large cap Indian and global peers

BFSI Vertical Expertise	TechM	Accenture	TCS	Infosys	HCLT	Wipro	Capgemini	Cognizant
<b>ISG Digital Banking Ratings US 2022</b>								
Digital Banking services: Core Modernization and Integration Services	2.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Digital Banking services: Technology Transformational Services for Digital Banking	2.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Digital Banking services: Banking Governance, Risk and Compliance Services	2.5	4.0	4.0	4.0	2.5	2.5	2.5	2.5
Digital Banking services: Payment and Card Processing Services	2.5	4.0	4.0	4.0	4.0	2.5	2.5	2.5
<b>ISG Insurance Ratings Europe 2023</b>								
Insurance Platform Solutions- Life and Retirement Insurance Platform Solutions 2023	-	-	2.5	1.0	-	-	-	-
Insurance Platform Solutions- Property and Casualty Insurance Platform Solutions Europe 2023	-	-	2.5	1.0	-	-	-	-
<b>Total</b>	<b>10.0</b>	<b>16.0</b>	<b>21.0</b>	<b>18.0</b>	<b>14.5</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>

Source: I-Sec research, ISG, Note: Leader = 4, contender = 1, Product challenger = 2.5, Market challenger = 2.5

**Exhibit 15: TechM's BFSI vertical has grown at higher pace than large cap IT peers over FY18-FY23**

BFSI vertical revenue growth YoY USD	Definition of BFSI vertical for each IT company	FY18	FY19	FY20	FY21	FY22	FY23	FY23 USD BFSI vertical revenue	FY18-FY23 CAGR
TechM	BFSI	18.6%	1.8%	5.8%	17.5%	19.3%	9.0%	1,071	10.4%
TCS	BFSI	3.7%	6.3%	4.6%	3.9%	17.5%	7.0%	8,858	7.8%
Infosys	Financial services	6.1%	5.1%	6.7%	9.2%	18.6%	4.1%	5,430	8.6%
HCLT	Financial services	15.5%	-0.5%	10.1%	4.8%	11.6%	6.9%	2,332	3.8%
Wipro	BFSI	11.9%	13.1%	2.4%	-2.5%	10.7%	13.4%	3,137	7.2%

Source: I-Sec research, Company data, note: Wipro's revenue growth in FY22 and FY23 is excluding Capco

**Exhibit 16: TechM has grown lower than larger peers in manufacturing**

Manufacturing vertical revenue growth YoY USD	Definition of manufacturing vertical for each IT company	FY18	FY19	FY20	FY21	FY22	FY23	FY23 USD BFSI vertical revenue	FY18-FY23 CAGR
TechM	Manufacturing	12.3%	9.8%	-6.8%	-10.6%	12.2%	9.8%	1,039	2.6%
TCS	Manufacturing	10.9%	45.3%	6.2%	-2.9%	19.9%	8.6%	2,765	14.3%
Infosys	Manufacturing	4%	12%	11%	-1%	41%	32%	2,355	17.9%
HCLT	Manufacturing	-6.8%	-29.2%	31.0%	-9.9%	19.4%	12.4%	2,148	-0.3%
Wipro	Manufacturing		-3.6%	0.5%	-1.2%	7.3%	8.9%	773	2.3%

Source: I-Sec research, Company data

**Exhibit 17: TechM's technology vertical growth has been better than large cap IT in FY18-FY23**

Technology vertical revenue growth YoY USD	Definition of Technology vertical for each IT company	FY18	FY19	FY20	FY21	FY22	FY23	FY23 USD Technology vertical revenue	FY18-FY23 CAGR
TechM	Technology	5%	17%	11%	9%	22%	25%	666	16.7%
TCS	Technology & Services	10%	22%	4%	2%	15%	10%	2,471	10.4%
Infosys	Hi-Tech		11%	11%	17%	17%	10%	1,480	13.2%
Wipro	Technology		-1%	-4%	0%	18%	2%	1,272	2.8%

Source: I-Sec research, Company data

**Exhibit 18: TechM has lowest rating in Retail vertical capabilities**

ISG Retail Vertical Ratings	TechM	Accenture	TCS	Infosys	HCLT	Wipro	Capgemini	Cognizant
<b>Retail and CPG Series 2023 US</b>								
Business Transformation Services	2.5	4	4	4	4	4	4	4
Digital Innovation Services	2.5	4	4	4	4	4	4	4
Platform Modernization Services	1	4	4	4	4	4	4	4
Managed Services	2.5	4	4	4	4	4	4	4
<b>Retail and CPG Series 2023 Europe</b>								
Business Transformation Services	2.5	4	4	4	4	4	4	4
Digital Innovation Services	2.5	4	4	4	4	4	4	4
Platform Modernization Services	1	4	4	4	4	4	4	4
<b>Total</b>	<b>14.5</b>	<b>28.0</b>	<b>28.0</b>	<b>28.0</b>	<b>28.0</b>	<b>28.0</b>	<b>28.0</b>	<b>28.0</b>

Source: I-Sec research, ISG, Note: Leader = 4, contender = 1, Product challenger = 2.5, Market challenger = 2.5

**Exhibit 19: TechM's Retail vertical growth has been better than most large cap IT peers**

Retail vertical revenue growth YoY USD	Definition of Retail vertical for each IT company	FY18	FY19	FY20	FY21	FY22	FY23	FY23 USD Retail vertical revenue	FY18-FY23 CAGR
TechM	Retail, Transport & Logistics	9%	-2%	12%	8%	19%	12%	529	10.2%
TCS	Retail & CPG	37%	3%	4%	-4%	21%	14%	4,405	7.2%
Infosys	Retail	1%	10%	2%	1%	19%	11%	2,631	8.4%
HCLT	Retail & CPG	9%	14%	17%	5%	13%	-1%	1,028	6.7%
Wipro	Consumer	3%	2%	6%	-1%	36%	17%	2,121	11.2%

Source: Company data, I-Sec research



**Exhibit 20: TechM's Healthcare and Life Sciences capabilities are lower than most peers.**

ISG Healthcare and LifeSciences Vertical Ratings	TechM	Accenture	TCS	Infosys	HCLT	Wipro	Capgemini	Cognizant
<b>Healthcare US 2021</b>								
Healthcare Digital Services- PAYER DIGITAL TRANSFORMATION SERVICES	2.5	4.0	4.0	4.0	4.0	4.0	2.5	4.0
Healthcare Digital Services- PAYER BPAAS	1.0	4.0	2.5	2.5	0.0	4.0	0.0	4.0
Healthcare Digital Services- PROVIDER DIGITAL TRANSFORMATION SERVICES	4.0	4.0	4.0	2.5	4.0	4.0	0.0	4.0
Healthcare Digital Services- Cloud migration services	2.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0
<b>Life Sciences Global 2022</b>								
Life Sciences Digital Services - Clinical Development Digital Transformation Services	4.0	4.0	4.0	0.0	4.0	4.0	4.0	4.0
Life Sciences Digital Services- Patient Engagement Digital Transformation Services	2.5	2.5	4.0	0.0	4.0	4.0	4.0	4.0
Life Sciences Digital Services- Manufacturing Supply Chain Digital Transformation Services	2.5	4.0	4.0	0.0	4.0	4.0	4.0	4.0
Life Sciences Digital Services- MedTech Digital Transformation Services	2.5	4.0	4.0	0.0	4.0	4.0	4.0	4.0
<b>Total</b>	<b>21.5</b>	<b>30.5</b>	<b>30.5</b>	<b>13.0</b>	<b>28.0</b>	<b>32.0</b>	<b>22.5</b>	<b>32</b>

Source: Company data, I-Sec research

**Exhibit 21: TechM's ISG rating for rest of the verticals is also lower than peers**

ISG Other vertical ratings	TechM	Accenture	TCS	Infosys	HCLT	Wipro	Capgemini	Cognizant
U.S. Public Sector – Procurement BPO, Transformation, and Software Platforms US 2022	2.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Power & Utilities - Solutions and Services- Next-Gen IT Services US 2022	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Manufacturing Supply Chain Digital Transformation Services Global 2021	2.5	4.0	4.0	0.0	4.0	4.0	4.0	4.0
Oil and Gas Industry 2020 Global	2.5	0.0	4.0	4.0	0.0	4.0	4.0	4.0
<b>Total</b>	<b>11.5</b>	<b>12.0</b>	<b>16.0</b>	<b>12.0</b>	<b>12.0</b>	<b>16.0</b>	<b>16.0</b>	<b>16.0</b>

Source: Company data, I-Sec research

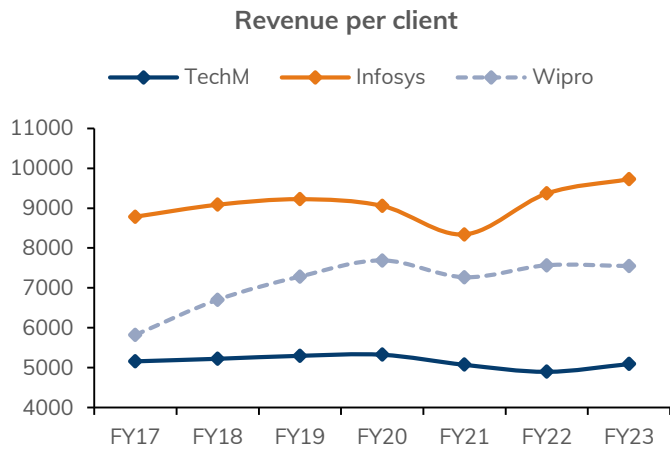
**Exhibit 22: TechM's revenue CAGR has been lowest in two of its largest verticals – Telecom and Manufacturing**

FY18-23 USD Revenue CAGR	Telecom	BFSI	Manufacturing	Technology	Retail
TCS	6%	7.8%	14.3%	10.4%	7.2%
Infosys	10%	8.6%	17.9%	13.2%	8.4%
HCLT	12%	3.8%	-0.3%	NA	6.7%
Wipro	1%	7.2%	2.3%	2.8%	11.2%
TechM	5%	10.4%	2.6%	16.7%	10.2%

Source: I-Sec research, Company data

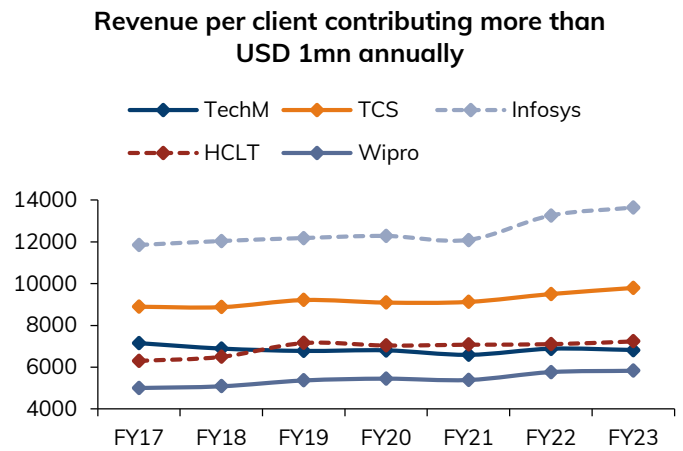
**New CEO needs to invest in improving account mining as revenue/client is lower than large cap IT peers for TechM**

**Exhibit 23: Revenue per client is lowest for TechM at USD 5K in FY23**



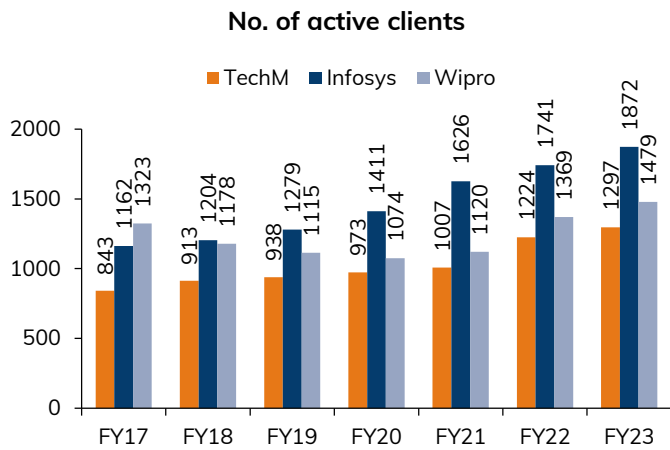
Source: I-Sec research, Company data

**Exhibit 24: Revenue per USD1mn+ client is also low for TechM**



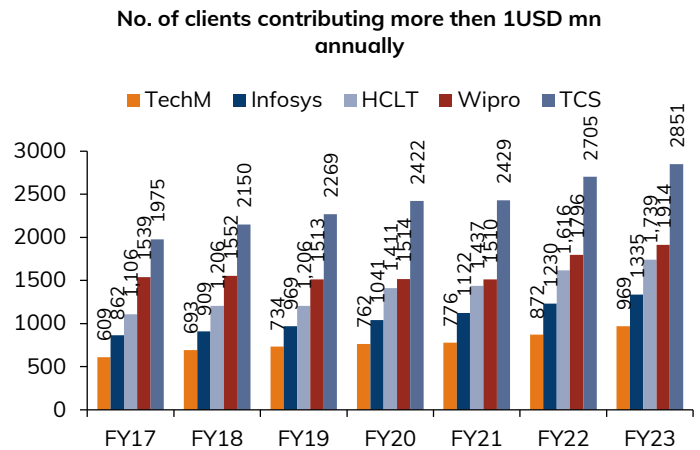
Source: I-Sec research, Company data

**Exhibit 25: No. of active client addition is lower than peers for TechM**



Source: I-Sec research, Company data

**Exhibit 26: No. of USD 1mn+ client addition has been weak for TechM vs peers in last two years**

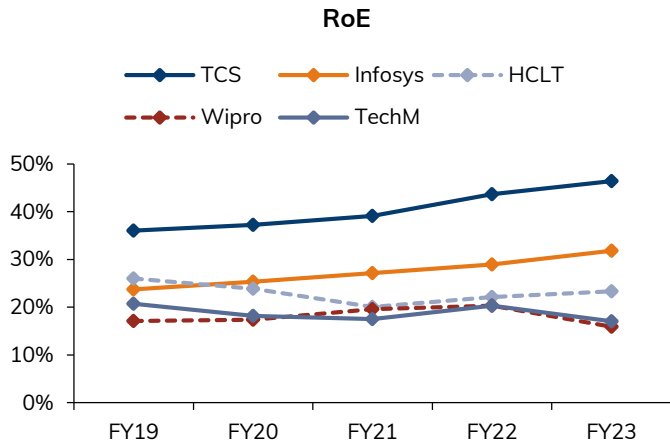


Source: I-Sec research, Company data

### Balance sheet and cash flow metrics comparison

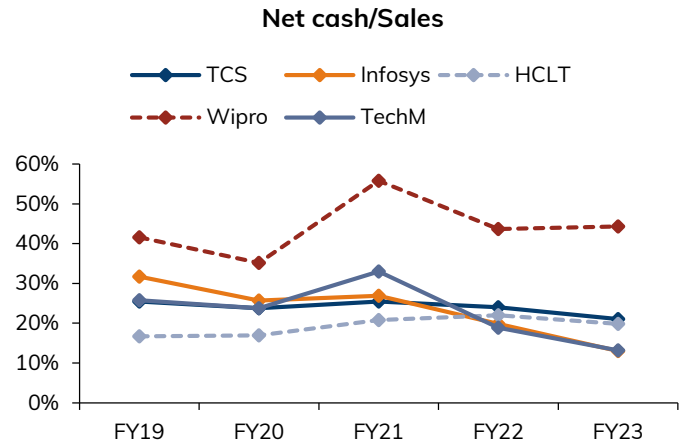
TechM's balance sheet health is weak compared to the top-four large cap IT peers with lowest RoE and net cash/sales. Cash flow conversion to PAT and shareholder payout has improved over the last four years and is in-line with peers.

**Exhibit 27: TechM has one of the lowest RoEs**



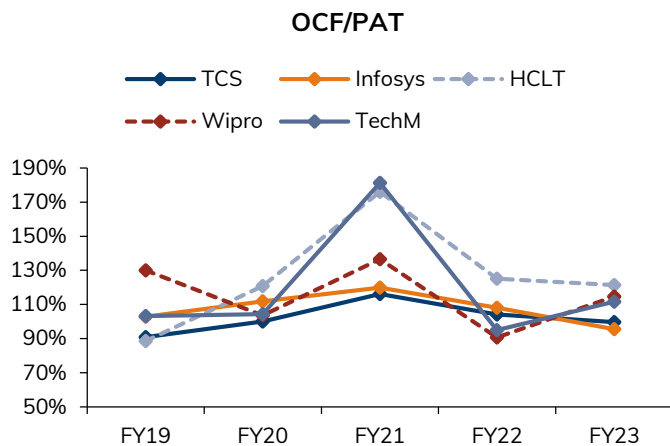
Source: I-Sec research, Company data

**Exhibit 28: Net cash/Sales of TechM is also lower than other large cap IT peers**



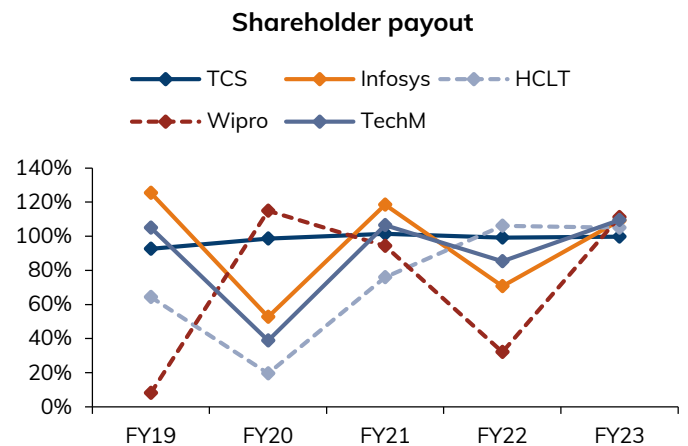
Source: I-Sec research, Company data

**Exhibit 29: TechM's healthy cash flow conversion; in-line with peers**



Source: I-Sec research, Company data

**Exhibit 30: TechM's improved shareholder payout; in-line with peers**



Source: I-Sec research, Company data

### BPO business of TechM has performed better than Global and Indian peers

**Exhibit 31: TechM's BPO business has grown at 21% CAGR over FY18-23, much ahead of global and Indian peers**

BPO Revenue	FY18	FY19	FY20	FY21	FY22	FY23	FY23 BPO revenue (USD mn)	FY18-23 CAGR
TechM	13%	18%	19%	7%	43%	22%	892	21%
Mphasis BPS business			13%	62%	18%	-17%	332	16%
Eclerx	2%	1%	0%	5%	35%	17%	333	11%
First Source	3%	0%	5%	19%	16%	-6%	750	6%
WNS	26%	7%	15%	-2%	22%	10%	1224	10%
Genpact	6%	10%	17%	5%	8%	9%	4371	10%

Source: I-Sec research, Company data

**Exhibit 32: TechM BPO business EBITDA margin higher than global peer average**

BPO EBITDA margins	FY17	FY18	FY19	FY20	FY21	FY22	FY23
TechM	29.8%	25.6%	18.6%	14.5%	21.2%	19.9%	17.5%
Eclerx	36.7%	29.8%	24.9%	25.8%	30.8%	31.7%	29.8%
First Source	12.3%	13.0%	14.0%	15.3%	15.8%	16.2%	13.7%
WNS	11.2%	14.6%	16.8%	17.5%	16.3%	15.8%	15.6%
Genpact	14.3%	13.4%	12.9%	13.1%	13.0%	14.1%	12.5%

Source: I-Sec research, Company data

**Capability Analysis**
**Exhibit 33: Except for Telecom vertical, capabilities in most of the service lines are weaker than peers**

Gartner Magic Quadrant	TechM	Accenture	TCS	Infosys	HCLT	Wipro	Capgemini	Cognizant
Public Cloud IT Transformation Services 2023	0.0	4.0	4.0	4.0	4.0	4.0	2.5	2.5
Custom Software Development Services, Worldwide 2022	1.0	4.0	4.0	2.5	4.0	2.5	0.0	2.5
IT Services for Communications Service Providers	4.0	4.0	4.0	4.0	2.5	2.5	4.0	2.5
Data Center Outsourcing and Hybrid Infrastructure Managed Services	0.0	4.0	4.0	2.5	4.0	4.0	2.5	2.5
Finance and Accounting Business Process Outsourcing, 2023	1.0	4.0	4.0	4.0	2.5	4.0	4.0	2.5
Data and Analytics service providers 2022	1.0	4.0	4.0	4.0	2.5	4.0	4.0	4.0
Customer Service BPO 2022	4.0	0.0	0.0	0.0	0.0	4.0	0.0	1.0
CRM and Customer Experience Implementation Services, Worldwide 2019	1.0	4.0	0.0	1.0	2.5	4.0	4.0	4.0
SAP S/4HANA Application Services, Worldwide 2022	1.0	4.0	4.0	4.0	2.5	2.5	4.0	1.0
Digital Commerce Platforms 2022	1.0	4.0	4.0	4.0	2.5	4.0	4.0	4.0
Outsourced digital workplace services, 2023	1.0	2.5	4.0	2.5	4.0	4.0	2.5	2.5
<b>Total score</b>	<b>15</b>	<b>38.5</b>	<b>36</b>	<b>32.5</b>	<b>31</b>	<b>39.5</b>	<b>31.5</b>	<b>29</b>

Source: I-Sec research, Gartner, Leader = 4, Challenger = 2.5, Visionaries = 2.5, Niche players = 1, Not present in Gartner magic quadrant = 0

**Exhibit 34: TechM ranks lowest in terms of service line capabilities as per ISG ratings**

	TechM	Accenture	TCS	Infosys	HCLT	Wipro	Capgemini	Cognizant
<b>Mainframes – Services and Solutions US 2022</b>								
Mainframe Modernization Services	0.0	0.0	4.0	4.0	2.5	4.0	4.0	2.5
Mainframe Application Modernization & Transformation Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	2.5
Mainframe as a Service (MFaaS)	0.0	0.0	0.0	0.0	2.5	2.5	0.0	4.0
Mainframe Operations	0.0	0.0	4.0	4.0	4.0	2.5	4.0	2.5
Mainframe Application Modernization Software	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Mainframes — Services and Solutions Europe 2022</b>								
Mainframe Modernization Services	2.5	0.0	4.0	4.0	2.5	4.0	4.0	2.5
Mainframe Application Modernization & Transformation Services	2.5	2.5	4.0	4.0	4.0	4.0	4.0	4.0
Mainframe as a Service (MFaaS)	0.0	0.0	2.5	0.0	2.5	2.5	0.0	2.5
Mainframe Operations	0.0	0.0	4.0	4.0	2.5	2.5	4.0	2.5
Mainframe Application Modernization Software	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Enterprise Service Management – Services &amp; Solutions</b>								
ESM Consulting Services	2.5	4.0	4.0	4.0	2.5	4.0	4.0	4.0
ESM Managed Services for Converged IT & Business Ops	4.0	4.0	4.0	4.0	2.5	4.0	4.0	4.0
ESM Implementaton & Integration Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
<b>Digital Engineering Services</b>								
Design and Development (Product, Services, Experience)	2.5	4.0	4.0	4.0	4.0	2.5	4.0	4.0
Connected and Intelligent Operations — Discrete Industries	4.0	4.0	4.0	4.0	4.0	2.5	4.0	4.0
Connected and Intelligent Operations — Process Industries	2.5	4.0	4.0	4.0	4.0	0.0	4.0	2.5
Integrated Customer/ User Engagement and Experience	4.0	4.0	0.0	4.0	4.0	2.5	4.0	4.0
Platforms and Applications Services	2.5	4.0	4.0	4.0	4.0	2.5	4.0	4.0
<b>SAP S/4 HANA</b>								
SAP S/4Hana System Transformation- Midmarket US 2023	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SAP S/4Hana System Transformation- Large Accounts US 2021	2.5	4.0	4.0	4.0	4.0	2.5	4.0	2.5
SAP S/4 HANA Business Technology Platform and Intelligent Technologies US 2021	4.0	4.0	4.0	4.0	4.0	4.0	4.0	2.5
Managed Cloud Services for SAP S/4 HANA	2.5	4.0	4.0	4.0	2.5	4.0	4.0	4.0
<b>Next-Gen Private/Hybrid Cloud</b>								
Data Center Services & Solutions (Managed Services for Large Accounts) US 2021	2.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Data Center Services & Solutions (Managed Services for Large Accounts) UK 2021	2.5	4.0	4.0	2.5	4.0	4.0	4.0	2.5
Data Center Services & Solutions (Managed Services for Large Accounts) Europe 2021	2.5	4.0	4.0	2.5	4.0	4.0	4.0	2.5

	TechM	Accenture	TCS	Infosys	HCLT	Wipro	Capgemini	Cognizant
<b>Next Gen ADM Services</b>								
Agile Application Development Outsourcing	2.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Application Managed Services	2.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Application Quality Assurance	0.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
<b>Other services</b>								
Cybersecurity Solutions and Services US 2021	2.5	4.0	4.0	4.0	4.0	4.0	4.0	2.5
Internet of Things – Services and Solutions- Mobile Asset Tracking and Management US 2022	1.0	2.5	2.5	0.0	4.0	2.5	4.0	4.0
Finance and Accounting Outsourcing Services Financial Planning and Analysis (FP&A) 2022	2.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Future of Work Services and Solutions	2.5	4.0	4.0	4.0	4.0	4.0	4.0	2.5
Oracle Ecosystem- Implementation and Integration services	2.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Enterprise Service Management – Services & Solutions 2022 – U.S. report.	2.5	4.0	4.0	4.0	2.5	4.0	4.0	4.0
<b>Total</b>	<b>72.5</b>	<b>97.0</b>	<b>113.0</b>	<b>109.0</b>	<b>110.5</b>	<b>105.0</b>	<b>116.0</b>	<b>104.5</b>

Source: I-Sec research, ISG, Note: Leader = 4, contender = 1, Product challenger = 2.5, Market challenger = 2.5

### Exhibit 35: TechM's capabilities across Hyperscaler and SaaS partners

ISG ratings on SaaS and Hyperscaler capabilities	TechM	Accenture	TCS	Infosys	HCLT	Wipro	Capgemini	Cognizant
<b>ServiceNow Ecosystem Partners</b>								
ServiceNow Managed Services Providers - U.S. 2023	2.5	4	4	4	4	4	4	4
Consulting Services US 2022	2.5	4	4	4	4	4	4	4
ServiceNow Implementation and Integration Services 2022	2.5	4	4	4	4	4	4	4
<b>Salesforce Ecosystem partners 2023</b>								
Multicloud Implementation and Integration Services for Large Enterprises	2.5	4	4	4	4	4	4	4
Implementation Services for Core Clouds Midmarket	0	0	0	0	0	0	0	0
Implementation Services for Marketing Automation Midmarket	0	0	0	0	0	0	0	0
Managed Application Services for Large Enterprises	4	4	4	4	4	4	4	4
Managed Application Services for Midmarket	0	0	0	0	0	0	0	0
Implementation Services for Industry Clouds	2.5	4	4	4	4	4	2.5	4
Digital Transformation Services	2.5	4	2.5	4	2.5	2.5	2.5	1
BPO Services	2.5	4	2.5	4	0	0	2.5	1
<b>Google Cloud Partner Ecosystem</b>								
Implementation and Integration services	4	4	4	4	4	4	2.5	4
Data Analytics and Machine learning	4	4	4	4	4	4	2.5	4
Managed Services	2.5	4	4	4	4	4	4	4
SAP workloads	2.5	4	4	4	4	4	4	4
Workspace Services	0	4	4	4	2.5	4	4	4
<b>AWS</b>								
AWS Managed Services	4	4	4	4	4	4	4	4
AWS SAP Workloads	2.5	4	4	4	4	4	4	4
AWS Data Analytics and Machine Learning	0	4	0	4	0	4	4	4
AWS Internet of Things (IoT) Services	4	4	4	0	4	4	4	4
AWS Migration Services	4	4	4	4	4	4	4	4
AWS Consulting Services	4	4	4	4	4	4	4	4
<b>Total</b>	<b>53</b>	<b>76</b>	<b>69</b>	<b>72</b>	<b>65</b>	<b>70.5</b>	<b>68.5</b>	<b>70</b>

Source: I-Sec research, ISG, Note: Leader = 4, contender = 1, Product challenger = 2.5, Market challenger = 2.5

### Management profile of TechM

TechM's senior leadership is a mix of people who have grown their careers in TechM, and some who have joined from large cap peers like HCLT and Wipro. We believe that new CEO Mr. Joshi has taken steps in the right direction in terms of on-boarding COO Mr. Atul Soneja and also carried out internal re-organisation of responsibilities within two months of joining. The company is also investing in: sales and marketing – to bring back sales vigour and large deal wins; and investing in building vertical and service line capabilities is essential. Setting up efficient incentive structure for sales, marketing and delivery operations is also necessary to ensure consistent performance.

**Exhibit 36: Key Leadership of TechM**

Name	Designation as per TechM website	New designation as per TOI article (mentioned only if new designation is different from previous one)	Year of joining TechM	Prior experience
Mohit Joshi	MD & CEO Designate		Jun-23	<ul style="list-style-type: none"> <li>Infosys (23 yrs)</li> </ul>
Atul Soneja	COO		Aug-23	<ul style="list-style-type: none"> <li>Citius Tech (2 yrs),</li> <li>Infosys (22 yrs),</li> <li>Quinno (1.5 yrs)</li> </ul>
Rohit Anand	CFO		Nov-20	<ul style="list-style-type: none"> <li>Wipro GE (4.5 yrs),</li> <li>GE (22 yrs)</li> </ul>
Manish Vyas	President, Communications, Media and Entertainment Business, and CEO, Network Services		2000	<ul style="list-style-type: none"> <li>Prior to joining TechM he had 6 years of experience in other organisations</li> </ul>
Abhishek Shankar	President (Communication, Media and Entertainment)	President of America CME vertical and will also be responsible for AT&T, Verizon, cables and large deals	Feb-21	<ul style="list-style-type: none"> <li>HCLT (20+ years)</li> </ul>
Lakshamanan Chidambaram	President - Americas (Enterprise Business)	Oversee Americas' diverse industry groups including BFSI, manufacturing, healthcare and life sciences, retail, General Electric, UPS, and large deals.	Nov-10	<ul style="list-style-type: none"> <li>Atos Syntel (9.5 yrs),</li> <li>Bahwan CyberTeck (3 yrs),</li> <li>HCL Infosystems (10 yrs)</li> </ul>
Harshul Asnani	President - Technology Vertical	He was promoted to President role in Aug 2023 and he will look after software/ISV, semicon, digital natives and consumer tech, Microsoft, Google and large deals	Aug-05	<ul style="list-style-type: none"> <li>HCLT (1 yr),</li> <li>Patni (4yrs),</li> <li>Wipro (4 yrs),</li> <li>Compaq(1.5 yrs)</li> </ul>
Vikram Nair	President, EMEA Business	President, EMEA Business - Responsible for UK and Ireland diverse industry groups, EU communications, Middle East Africa, Telefonica, BT and large deals	Jun-05	<ul style="list-style-type: none"> <li>HPS (7 yrs)</li> </ul>
Gautam Bhasin	Sr VP and Global Head of BFSI vertical		Jul-18	<ul style="list-style-type: none"> <li>Accenture (2 yrs),</li> <li>HCL (13.5 yrs),</li> <li>Polaris (1.5 yrs)</li> </ul>
Harshvendra Soin	Global Chief People Officer and Head Marketing	Global Chief People Officer and Head Marketing has additional responsibilities of APJ including ANZ (australia and New Zealand) diverse industry groups, ANZI BFSI, SEA BFSI including Prudential, Rakuten, Telstra, and large deals	Dec-12	<ul style="list-style-type: none"> <li>Fortis (3yrs),</li> <li>Aditya Birla Capital (2yrs),</li> <li>Bharti Enterprise (5 yrs),</li> <li>Others (8 yrs)</li> </ul>
Vivek Agarwal	President - APJI (Enterprise), BFSI & Corporate Development	President - APJI (Enterprise), BFSI & Corporate Development will now also oversee strategy and transformation	Oct-04	<ul style="list-style-type: none"> <li>HCLT (8.5 yrs)</li> </ul>
Jagdish Mitra	Chief Strategy Officer and Head Of Growth	Head of India and Corporate Affairs	Jan-93	<ul style="list-style-type: none"> <li>Started his career with TechM</li> </ul>
Birendra Sen	Business Head – Business Process Services	Business Head – Business Process Services	Sep-12	<ul style="list-style-type: none"> <li>Hutchison Global (8 yrs),</li> <li>ICICI Bank (2.5 yrs),</li> <li>Infosys (1 yr)</li> </ul>
Anuj Bhalla	President & Global Head – Integrated Cloud and Delivery Excellence	Head Delivery Excellence	Oct-21	<ul style="list-style-type: none"> <li>Wipro (25 yrs)</li> </ul>
Rajesh Chandiramani	Business Head, Communications-Media-Entertainment for EMEA and APJI Markets	Business head -- communications, media, and entertainment for EMEA and APJI Markets is now also the head of Comviva subsidiary	Nov-05	<ul style="list-style-type: none"> <li>Comverse (6.5 yrs),</li> <li>BPL Mobile (2.5 yrs),</li> <li>Nelco (3 yrs)</li> </ul>
Vikas Gupta	Global business head of cloud infrastructure services	Global business head of cloud infrastructure services, will continue to lead cloud infrastructure that includes cloud advisory, Azure, AWS, and Google Cloud Platform.	Sep-10	<ul style="list-style-type: none"> <li>Multiple organisations (13 years)</li> </ul>
Sahil Dhawan	SVP and Global Head enterprise applications and vertical leader Energy and Utility	Responsible for enterprise applications including SAP, ServiceNow and Salesforce	Aug-18	<ul style="list-style-type: none"> <li>KPIT (12 yrs),</li> <li>Other companies (2.5 yrs)</li> </ul>
Kunal Purohit	Chief Digital Services Officer	Responsible for nextgen AI services, blockchain, metaverse, business excellence & other responsibilities	Oct-21	<ul style="list-style-type: none"> <li>HCLT (18+yrs)</li> </ul>
Manish Mangal	Global Business Head - 5G and Network Services	Global Business Head - 5G and Network Services	Sep-18	<ul style="list-style-type: none"> <li>Reliance (6 yrs),</li> <li>Sprint (15.5 yrs),</li> <li>Nokia (1 yr)</li> </ul>
Rohit Madhak	SVP, Global Head of Digital Engineering services	Strategic solutioning and transformation	Nov-21	<ul style="list-style-type: none"> <li>Globallogic (7 yrs),</li> <li>Arcent (6.5 yrs),</li> <li>Infosys (9 yrs),</li> <li>Wipro (3 yrs)</li> </ul>
Krishna Ramaswami	Senior vice President	Lead people supply chain	Mar-21	<ul style="list-style-type: none"> <li>Cognizant (2 yrs),</li> <li>Zensar (14 yrs)</li> </ul>

Source: I-Sec research, Company data, LinkedIn, TOI article [Link](#)

### Exhibit 37: Key senior leadership at Infosys

Employee name	Designation	Age	Year of joining Infosys
Salil Parekh	CEO & MD	58	Jan-18
Martha G. King	Chief Client Officer	59	Oct-20
Dennis Gada	EVP, Global Head of BFSI	54	Feb-05
Karmesh Gul Vaswani	Segment Head – CPG, Logistics and Retail	51	Mar-03
Jasmeet Singh	EVP and Global Head Manufacturing	51	May-11
Anand Swaminathan	EVP and Global Head – Communication, Media and Technology	51	Apr-99
Frank Satterthwaite	Senior Vice President – Delivery, FSHIL	60	Oct-20
Nilanjan Roy	Chief Financial Officer	56	Mar-19
Shripad Shanbhag	VP and Delivery Head - Cloud and Infrastructure services	52	Mar-92
Rajneesh Malviya	SVP and Global Delivery Head - Financial services	50	Jun-94
Shishank Gupta	SVP and Service Offering Head	47	Jan-97

Source: I-Sec research, Company data

### Mahindra and Mahindra (M&M) Group turnaround by Anish Shah

M&M Group embarked on its turnaround journey starting 2020 led by Dr. Anish Shah. He joined M&M Group in 2014, as Group President (Strategy), and was later elevated to the position of Deputy Managing Director and Group CFO in April 2020, before becoming Managing Director and Group CEO in April 2021. He has been instrumental in driving turnaround strategy for the group since April 2021, bringing back financial discipline to core operations and improving capital allocation within the first year. He then focussed on growth and market share in automotive and farm, and M&M Financial services businesses.

#### Mahindra and Mahindra Automotive business

Under leadership of Dr. Anish Shah, M&M focussed on launching differentiated SUV brand. The company identified six pillars on which it is building future products, including turn-on design, unmissable presence, tough-yet-sophisticated, safe, and sci-fi products. Its other strategic initiatives include -1) expanding in to new categories of E-SUVs, software defined architecture and ecosystem approach, 2) built moat in CV business and 3) Scale up in priority global markets. Results of these turnaround efforts are visible in market share gains by M&M in SUV/Tractor/LCV segments by ~300/ 300/ 500 bps in over FY21-23.

### Exhibit 38: Revenue growth and vehicle volume sales growth trajectory has significantly improved during Dr. Anish Shah's tenure as MD & CEO

	FY18	FY19	FY20	FY21	FY22	FY23	FY18-21 CAGR	FY21-23 CAGR
Revenue (INR mn)	4,75,773	5,28,482	4,48,656	4,46,299	5,74,460	8,49,603	-2%	38%
YoY		11%	-15%	-1%	29%	48%		
Total Vehicle volumes	8,68,129	9,37,983	7,72,996	7,06,907	8,17,374	11,05,981	-7%	25%
YoY		8%	-18%	-9%	16%	35%		

Source: I-Sec research, Company data

### Exhibit 39: Market share of M&M increased by ~100-500bps in different categories in FY23

Market share (domestic)	FY18	FY19	FY20	FY21	FY22	FY23
SUV	25%	25%	19%	15%	15%	18%
LCV goods	44%	41%	42%	39%	38%	43%
3W goods	15%	14%	13%	12%	16%	17%
3W passenger	7%	8%	8%	8%	10%	11%
Tractor	43%	40%	41%	38%	40%	41%

Source: I-Sec research, Company data

### Mahindra and Mahindra Financial Services (MMFS)

MMFS has undergone key leadership change with on-boarding of Mr. Raul Rebello as Chief Operating Officer in September 2021. Prior to joining MMFS, he was working at Axis Bank as Executive Vice President and the Head of Rural Lending and Financial Inclusion.

Post joining the company in September 2021 as COO, Mr. Rebello led the growth and transformation journey in MMFS. In February 2023, MMFS board elevated Mr. Raul to role of MD & CEO effective 29<sup>th</sup> April 2024, post retirement of current CEO Mr. Ramesh Iyer.

MMFS stated its Vision 2025 in May 2022, which aims to attain measurable improvement in all key parameters such as: 1) stabilisation of asset quality to take gross stage-3 (GS-3) below 6%; 2) volume growth i.e. doubling the AUM with new business mix to grow to 15%; 3) strengthening company's tech and digital capability; and 4) being future-ready in terms of human capital.

Under the leadership of new CEO designate there has been significant improvement in last four quarters across all parameters – AUM, asset quality (GS-3) and profitability (RoA and RoE) as stated in company's vision 2025 (Exhibit – 40, 41, 42)

#### Exhibit 40: MMFS' AUM growth has improved in last four quarters

INR mn	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
<b>AUM (Standalone)</b>												
MMFS	6,76,718	6,77,732	6,65,254	6,46,080	6,35,820	6,36,180	6,39,440	6,49,610	6,76,930	7,38,170	7,73,440	8,27,700
Cholamandalam	6,35,010	6,71,820	6,87,450	6,99,960	6,78,210	7,00,230	7,27,240	7,69,070	8,19,250	8,76,680	9,54,680	10,64,980
STFCL	10,97,492	11,33,459	11,49,321	11,72,428	11,93,014	12,16,468	12,46,018	12,70,409	16,29,701	16,93,582	17,74,982	18,56,829
Sundaram	2,95,800	3,05,720	3,12,260	3,08,820	2,98,230	2,98,110	2,97,960	2,95,320	3,05,520	3,19,800	3,35,580	3,45,220
<b>AUM YoY</b>												
MMFS	4%	3%	-2%	-5%	-6%	-6%	-4%	1%	6%	16%	21%	27%
Cholamandalam	10%	13%	13%	16%	7%	4%	6%	10%	21%	25%	31%	38%
STFCL	0%	3%	1%	2%	2%	2%	2%	2%	3%	4%	5%	5%
Sundaram	-1%	3%	2%	-1%	-3%	0%	0%	-1%	3%	5%	5%	3%

Source: I-Sec research, Company data

#### Exhibit 41: MMFS' asset quality has considerably improved in last four quarters

Asset quality (GS-3)	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
MMFS	9.2%	7.0%	10.0%	9.0%	15.5%	12.7%	11.3%	7.7%	8.0%	6.7%	5.9%	4.5%
Cholamandalam	3.3%	2.8%	2.6%	4.0%	6.8%	6.2%	5.9%	4.4%	4.2%	3.8%	3.5%	3.0%
STFCL	8.0%	7.3%	7.1%	7.1%	8.2%	7.8%	8.4%	7.1%	6.3%	6.3%	6.3%	6.2%
Sundaram	2.1%	1.6%	1.8%	4.3%	3.5%	3.4%	2.2%	2.5%	2.5%	2.4%	1.7%	1.9%

Source: I-Sec research, Company data

#### Exhibit 42: RoA and ROE is steadily improving for MMFS

RoA	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23
MMFS	0.8%	1.6%	-1.4%	0.8%	-8.2%	5.6%	4.8%	3.2%	1.2%	2.2%	2.8%	2.9%
Cholamandalam	2.6%	2.5%	2.3%	1.3%	1.8%	3.3%	2.8%	3.4%	2.7%	2.5%	2.8%	3.1%
STFCL								3.1%	2.7%	2.8%	3.6%	2.6%
Sundaram	2.5%	2.9%	2.3%	2.5%	2.2%	2.5%	2.9%	2.0%	2.5%	2.5%	3.3%	2.7%
<b>ROE</b>												
MMFS	5.4%	9.2%	-7.4%	4.1%	-43.8%	29.9%	24.5%	15.7%	5.7%	11.4%	15.7%	16.3%
Cholamandalam	20.6%	19.7%	17.8%	10.3%	13.4%	23.9%	19.5%	24.2%	18.8%	17.9%	20.8%	24.5%
STFCL								17.0%	14.6%	15.6%	17.1%	12.2%
Sundaram	12.9%	13.5%	15.2%	12.0%	11.5%	10.4%	10.7%	12.6%	8.6%	10.7%	10.9%	13.6%

Source: I-Sec research, Company data



## Case studies: IT companies turning around margins under new leadership

### Zensar

Zensar announced appointment of new CEO Mr. Manish Tandon on 8<sup>th</sup> Dec 2022. Prior to Zensar, Manish was the CEO of CSS Corp, a technology services company based in the US. Manish was instrumental in the company's turnaround and consistent growth trajectory. This was preceded by a 20-year tenure at Infosys, where he led a \$2 billion+ global healthcare, financial, insurance, life sciences, and technology business. He was also on the board of Infosys Lodestone and Infosys Public Services.

Mr. Manish Tandon laid out three key strategic priorities – 1) M&A for acquiring capabilities and skills, 2) expanding margins to mid-teens and sustaining at these levels thereafter and 3) sustainable, consistent revenue growth.

Company first targeted the low hanging fruit of improving margins. It significantly improved margins by ~820bps in recent two quarters (Q4FY23 and Q1FY24), post appoint of new CEO. Key margin levers which helped improve margins from Q3FY23 to Q1FY24 for Zensar are 1) improvement in utilization, 2) pyramid optimisation, 3) increase in offshore mix, 4) reduction in sub-con costs, 5) improving pricing/commercials; and 6) rationalization of sales and support function.

On revenue growth front, company is working on cross-selling and gaining mind share through its new gen service lines - advanced engineering services, data engineering and analytics, AI and generative AI. Its recent quarter (Q1FY24) deal TCV has improved.

Zensar's share price rallied significantly (~143%) since Dec'22 largely driven by multiple re-rating, whereas FY25 consensus earnings estimates grew by 21% during the same period. Multiple re-rating is on the back of expectations of revival of revenue growth margin trajectory by the new CEO.

### Exhibit 43: EBIT margins, order book and DSOs have improved in last two quarters, post appointment of new CEO

Key financial metrics of Zensar	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24
Revenue (USD mn)	156	155	146	147	149
QoQ	1.7%	-0.5%	-5.9%	1.1%	1.3%
YoY	22.5%	9.3%	-0.8%	-3.7%	-4.2%
Order book (USD mn)	125	142	131	175	154
YoY	29.3%	-24.4%	4.2%	5.6%	23.4%
EBIT margin (%)	7.2%	4.6%	7.1%	11.6%	15.3%
<b>QoQ bps</b>	<b>-282</b>	<b>-268</b>	<b>255</b>	<b>450</b>	<b>370</b>
YoY bps	-792	-1,063	-772	-163	426
DSO (days)	108	106	104	96	98

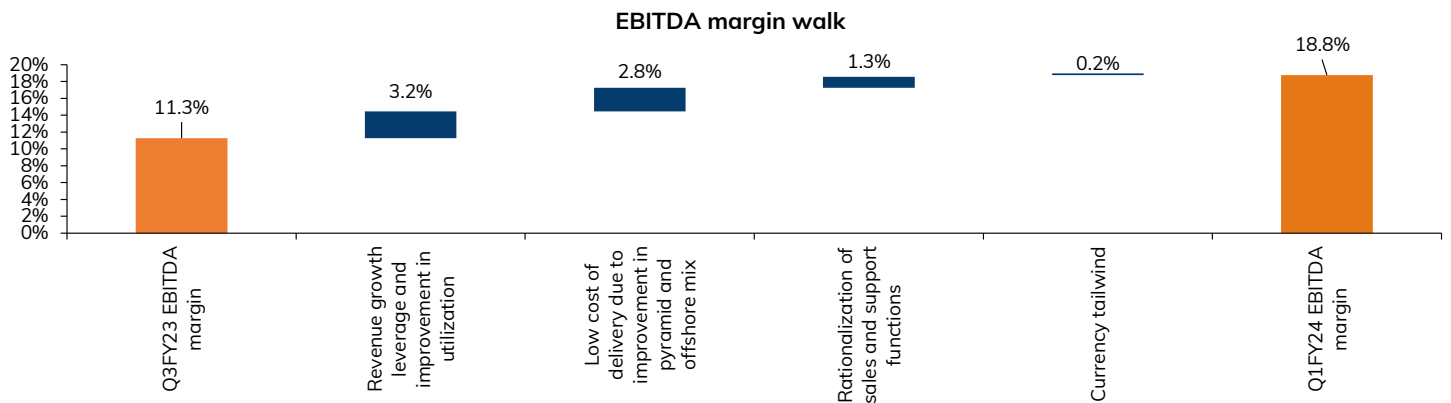
Source: I-Sec research, Company data

### Exhibit 44: Key margin levers leveraged by Zensar

Key operating levers	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Improvement over Q3FY23 to Q1FY24 (bps)
Utilization	80.7%	80.7%	77.6%	81.4%	82.5%	489
Offshore mix	41.6%	42.9%	44.7%	46.4%	48.0%	326
Attrition	28.1%	26.3%	22.8%	19.8%	15.9%	686

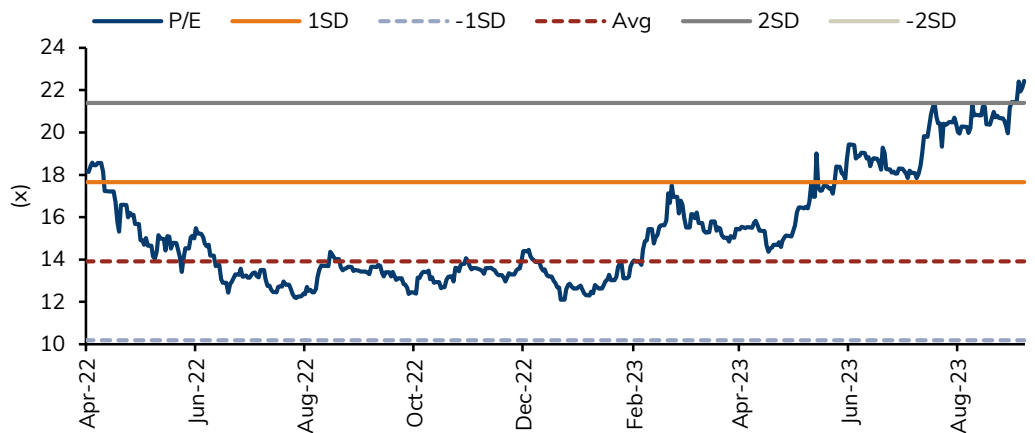
Source: I-Sec research, Company data

**Exhibit 45: Zensar's margins improved sharply by ~750bps from Q3FY23 to Q1FY24, post appointment of new CEO**



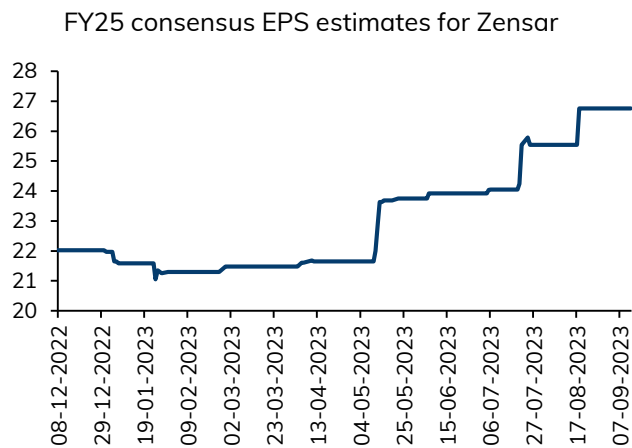
Source: I-Sec research, Company data

**Exhibit 46: Zensar's P/E multiple has rerated by ~61% from 8<sup>th</sup> Dec 2022 (date of announcement of new CEO)**



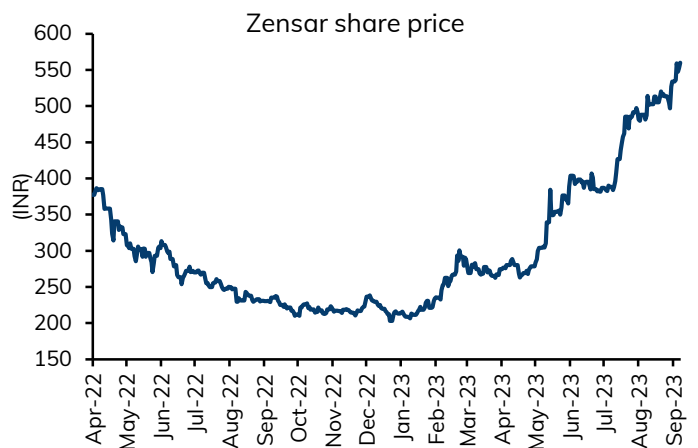
Source: I-Sec research, Company data

**Exhibit 47: FY25 consensus estimates have increased by 21% since 8<sup>th</sup> December, 2022**



Source: I-Sec research, Company data

**Exhibit 48: Share price has increased by ~143% since appointment of new CEO largely due to multiple re-rating**



Source: I-Sec research, Company data

## Birlasoft

Birlasoft's announced appointment of new CEO, Mr. Angan Guha on 4<sup>th</sup> Nov 2022 and the CEO took charge of his role from 1<sup>st</sup> Dec 2022. Mr. Angan has rich experience of ~29 years in Wipro. In his last role at Wipro he was CEO for the Americas 2 Strategic Unit Market of Wipro. In his earlier roles at Wipro, he oversaw operations in sectors like financial services, manufacturing, energy & utilities, hi-tech, and Canada.

Mr. Angan Guha outlined two strategic focus areas – 1) focus on select verticals and service lines and 2) become nimble and an execution-oriented organization. Birlasoft also unified delivery organization and COO office, wherein delivery across all service lines is headed by the COO. New CEO's cultural transformation to become more execution oriented is predicated on high customer centricity, quick decision making, employee centricity and growth oriented mindset.

Similar to Zensar, new CEO of Birlasoft has been able to show quick turnaround in margins in last two quarters (Q4FY23 and Q1FY24), wherein EBITDA margins have improved by 233bps in this period. Key margin levers which helped improve margins from Q3FY23 to Q1FY24 for Birlasoft are 1) improvement in utilization, 2) pyramid optimization, 3) lower attrition, 4) reduction in sub-con costs and 5) consolidation of delivery structure.

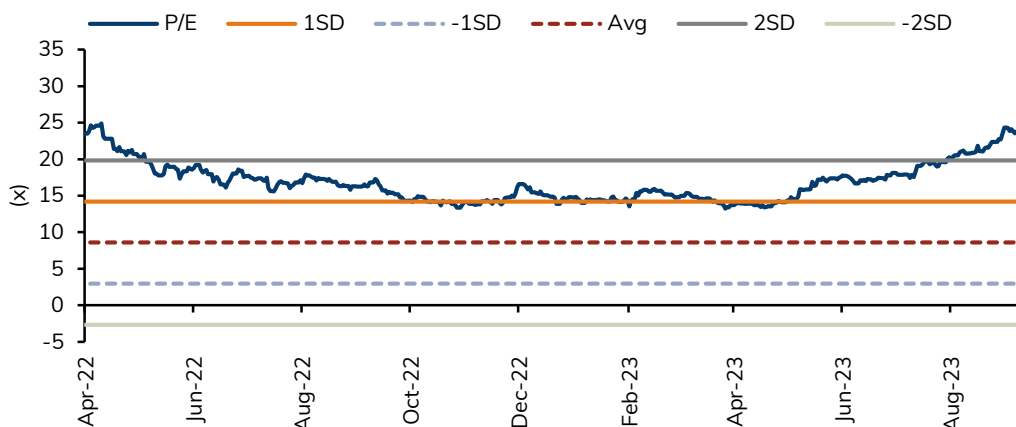
On revenue front, it's recent quarter (Q1FY24) growth has improved because of strong focus on execution as per the management. But it will take some time for the company to consistently deliver in top quartile of industry growth as per the management.

### Exhibit 49: EBIT margins and DSOs have improved in last two quarters, post appointment of new CEO

Key financial metrics of Birlasoft	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24
Revenue (USD mn)	149	149	148	149	154
QoQ	1.5%	0.1%	-0.3%	0.5%	3.0%
YoY	15.7%	8.7%	3.5%	1.8%	3.4%
Order book	185	166	231	286	146
YoY	21%	19%	27%	29%	-21%
EBITDA margin	14.7%	14.8%	13.0%	13.6%	15.3%
QoQ bps	-114	9	-183	65	168
YoY bps	-127	-21	-223	-223	58
DSO	58	56	55	53	53

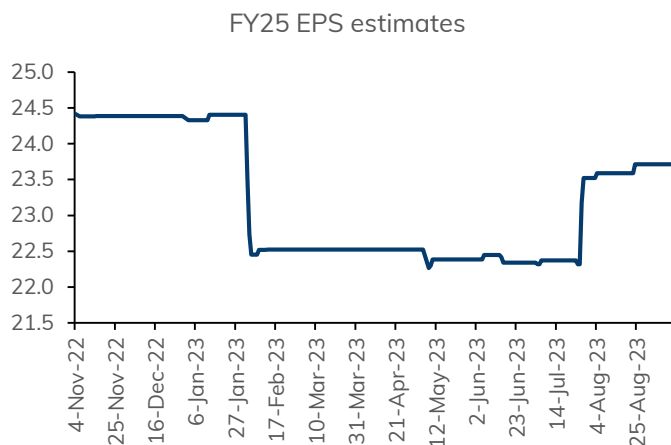
Source: I-Sec research, Company data

### Exhibit 50: Birlasoft's P/E multiple has rerated by ~61% from 4<sup>th</sup> Nov 2022 (date of announcement of new CEO)



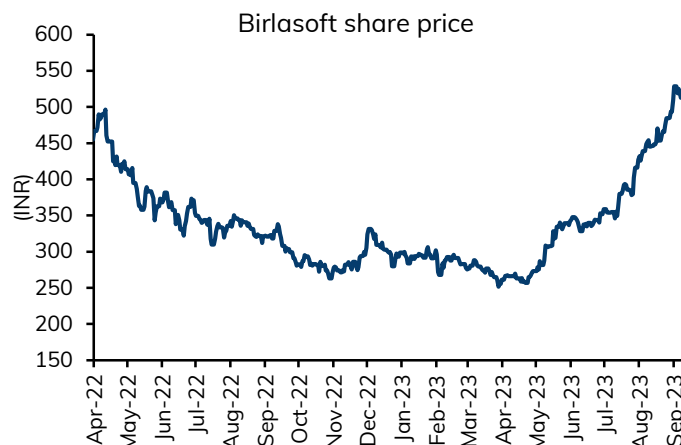
Source: I-Sec research, Company data

**Exhibit 51: Birlasoft's FY25 consensus EPS estimates decreased by 3% since 4<sup>th</sup> Nov 2022**



Source: I-Sec research, Company data

**Exhibit 52: Share price increased by ~84% since announcement of new CEO largely due to multiple re-rating**



Source: I-Sec research, Company data

Both Zensar and Birlasoft CEOs have targeted the low hanging fruit of margin improvement and showed significant improvement in the same. Similarly, we believe that TechM can improve its margins leveraging the levers mentioned above. However, for achieving sustainable consistent revenue growth in top quartile of industry growth Mr. Mohit Joshi will have to invest in building digital capabilities and expertise in Enterprise verticals (BFSI, Retail, Manufacturing, Technology), improve account mining and bring back sales rigour. This process will take some time in our view. We therefore assume 10%/13.3% YoY CC revenue growth in FY25/26.

Based on our recent discussion with TechM management, we believe that EBIT margin can improve to ~15-16% i.e. by ~500-600bps over FY24-26 vs street estimate of 13.2% in FY26. Our EPS estimate increase 10%/24% largely due to increase in EBIT margin estimates by ~200/300bps for FY25/26.

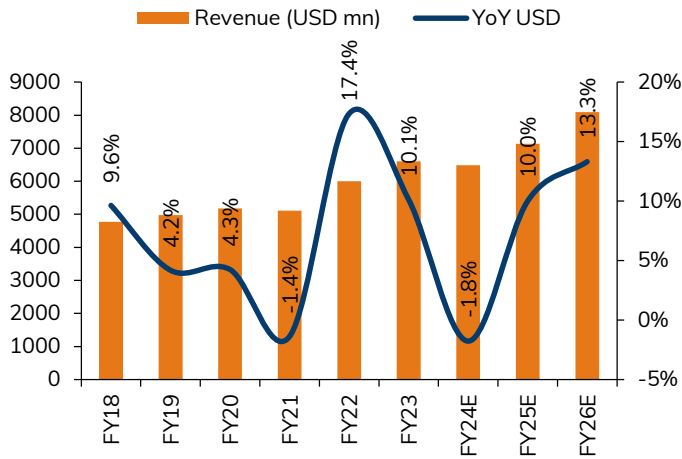
**We increase our target multiple to 20x (prior: 14x) as first few steps in turnaround efforts by new CEO Mr. Mohit Joshi give us confidence successful–** 1) Appointment of COO Mr. Atul Soneja and 2) Internal re-shuffling of responsibilities ([Link](#)). However, it is contingent on improving capabilities and filling whitespaces in non-communication verticals, improving incentive structure for sales, marketing and delivery operations team (yet to be decided by the board). This should start reflecting in deal wins and market share gains for TechM compared to competition.

**Valuations for TechM at 19x/17x look stretched on consensus' FY25/26 EPS estimates. But if above steps are undertaken by the new management then there can be structural re-rating for the stock. We are ahead of street by 7%/16% on FY25/26EPS estimates. We value TechM on 20x one year forward EPS (Q5-Q8 EPS) of Rs.78 to arrive at TP of Rs.1552 (prior: Rs.910) implying ~20% potential upside and thus upgrade TechM to BUY (prior: SELL)**

We are ahead of street by 7%/16% on FY25/26EPS estimates. We value TechM on 20x one year forward EPS (Q5-Q8 EPS) of Rs.78 to arrive at TP of Rs.1552 (prior: Rs.910) implying ~20% potential upside and thus upgrade TechM to BUY (prior: SELL)

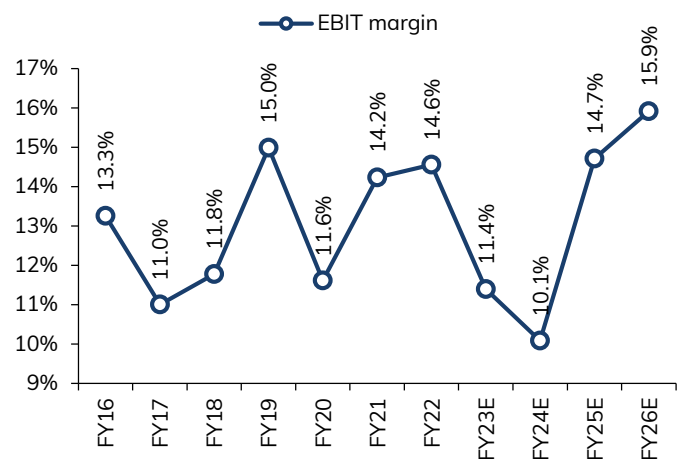
**Key downside risks:** 1) Weak execution, 2) delay in revival of telecom, 3) high attrition at senior management level because of organisational changes, 4) company is not able to build capabilities organically and therefore may have to pay higher for acquisitions

**Exhibit 53: We expect revenue growth to improve gradually for TechM**



Source: I-Sec research, Company data

**Exhibit 54: We expect ~500-600bps margin expansion over FY24-26E**



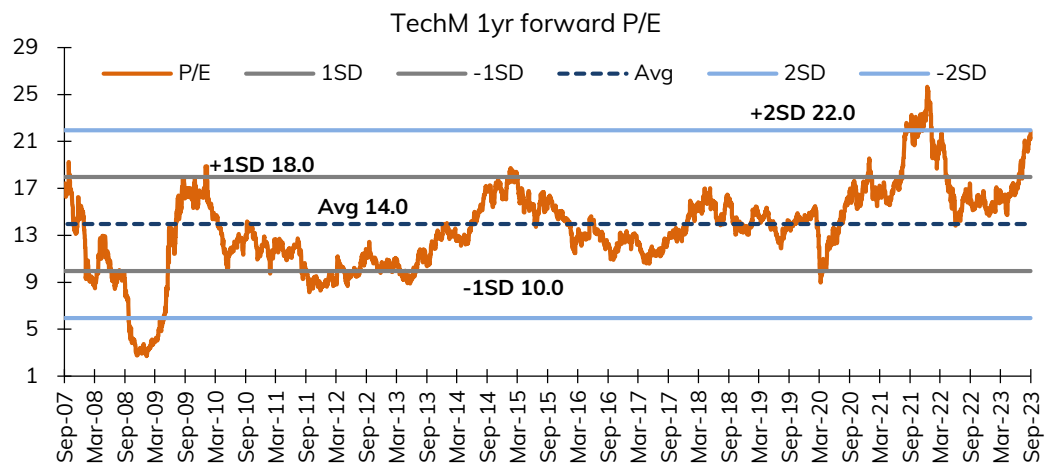
Source: I-Sec research, Company data

**Exhibit 55: We are ahead of consensus estimates on FY25 and FY26 largely due to assumption of expansion in margins by ~500-600 bps over FY24-26.**

ISEC vs Consensus Estimates	FY24			FY25			FY26		
	I-Sec	Cons	Difference	I-Sec	Cons	Difference	I-Sec	Cons	Difference
Revenue INR mn	5,32,293	5,45,573	-2.4%	5,85,121	5,94,466	-1.6%	6,63,059	6,45,554	2.7%
EBIT INR mn	53,670	57,532	-6.7%	86,094	74,071	16.2%	1,05,558	85,525	23.4%
EBIT margin	10.1%	10.5%		14.7%	12.5%		15.9%	13.2%	
EPS	46	52	-11%	73	68	7.1%	89	76	15.9%

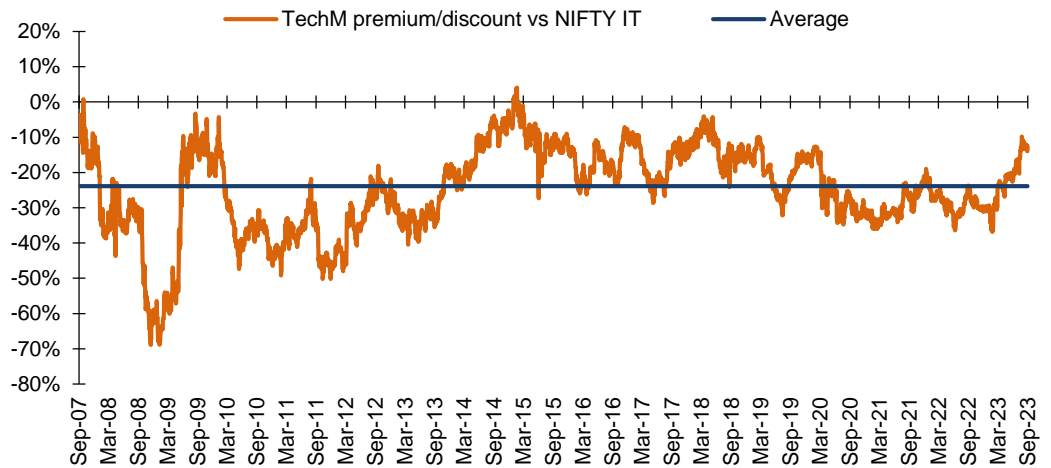
Source: I-Sec research, Company data

**Exhibit 56: TechM is trading at 22x 1yr forward P/E, closer to average+2SD multiple of 22x**



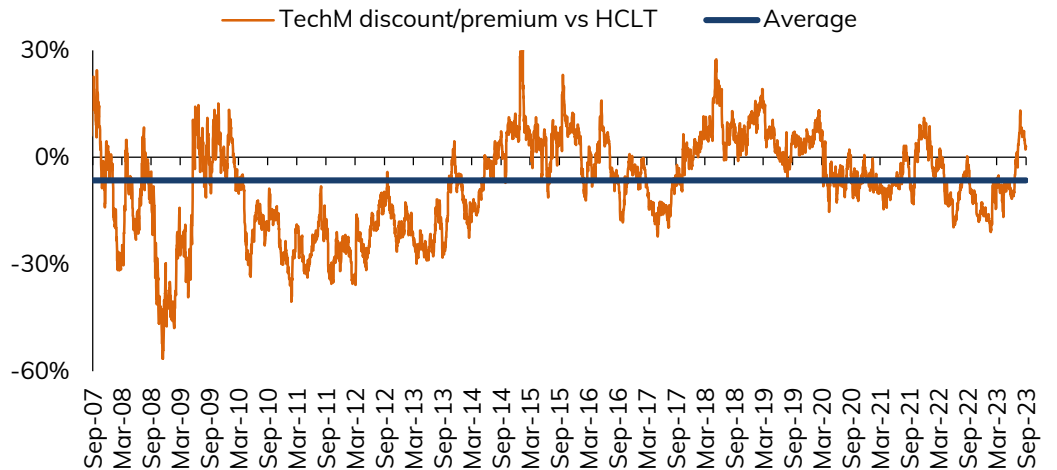
Source: I-Sec research, Company data

**Exhibit 57: TechM is trading at 13% discount to peers vs long-term average discount of 24%**



Source: I-Sec research, Company data

**Exhibit 58: TechM is trading at 3% premium to HCLT vs long-term average discount of 6%**



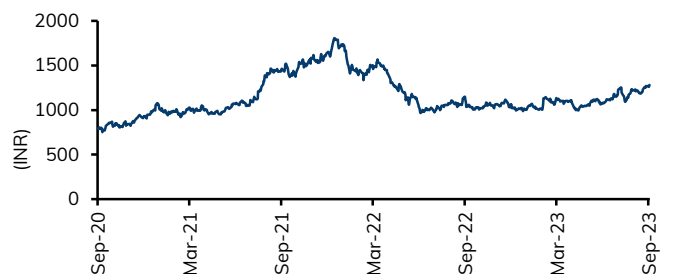
Source: I-Sec research, Company data

**Exhibit 59: Shareholding pattern**

%	Dec'22	Mar'23	Jun'23
Promoters	35.2	35.2	35.2
Institutional investors	51.9	52.7	52.7
MFs and others	12.0	12.9	12.8
Insurance Cos	10.3	11.9	12.6
FII's	29.6	27.9	27.3
Others	12.9	12.1	12.1

Source: Bloomberg, I-Sec research

**Exhibit 60: Price chart**



Source: Bloomberg, I-Sec research

## Financial Summary

### Exhibit 61: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24E	FY25E	FY26E
<b>Net Sales (US\$ mn)</b>	<b>6,606</b>	<b>6,489</b>	<b>7,139</b>	<b>8,089</b>
<b>Net Sales (Rs. mn)</b>	<b>5,32,902</b>	<b>5,32,293</b>	<b>5,85,121</b>	<b>6,63,059</b>
Operating Expense	4,52,614	4,60,132	4,79,133	5,35,952
<b>EBITDA</b>	<b>80,288</b>	<b>72,161</b>	<b>1,05,988</b>	<b>1,27,108</b>
EBITDA Margin (%)	15.1	13.6	18.1	19.2
Depreciation & Amortization	19,567	18,491	19,894	21,549
EBIT	60,720	53,670	86,094	1,05,558
Interest expenditure	3,256	4,718	4,695	4,695
Other Non-operating Income	7,280	7,427	6,082	5,693
<b>Recurring PBT</b>	<b>64,744</b>	<b>56,378</b>	<b>87,481</b>	<b>1,06,556</b>
<b>Profit / (Loss) from Associates</b>	<b>(290)</b>	<b>78</b>	<b>-</b>	<b>-</b>
Less: Taxes	15,885	14,830	22,745	27,705
PAT	48,859	41,549	64,736	78,851
Less: Minority Interest	(257)	(444)	(444)	(444)
<b>Net Income (Reported)</b>	<b>48,569</b>	<b>41,627</b>	<b>64,736</b>	<b>78,851</b>
Extraordinaries (Net)	-	-	-	-
<b>Recurring Net Income</b>	<b>48,312</b>	<b>41,261</b>	<b>64,292</b>	<b>78,407</b>

Source Company data, I-Sec research

### Exhibit 62: Balance sheet

(INR mn, year ending March)

	FY23A	FY24E	FY25E	FY26E
Total Current Assets	2,16,495	2,04,026	2,12,956	2,27,745
of which cash & cash eqv.	40,563	18,424	11,677	6,835
Total Current Liabilities & Provisions	1,14,999	1,13,016	1,18,812	1,26,070
<b>Net Current Assets</b>	<b>1,01,496</b>	<b>91,010</b>	<b>94,144</b>	<b>1,01,675</b>
Investments	33,881	34,710	34,710	34,710
Net Fixed Assets	28,622	28,049	28,249	28,449
ROU Assets	11,720	11,341	11,341	11,341
Capital Work-in-Progress	836	1,130	1,130	1,130
Goodwill	76,657	77,038	77,038	77,038
Other assets	47,631	45,952	45,952	45,952
Deferred Tax assests	12,965	13,336	13,336	13,336
<b>Total Assets</b>	<b>3,34,230</b>	<b>3,21,679</b>	<b>3,25,013</b>	<b>3,32,744</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>15,782</b>	<b>15,182</b>	<b>15,182</b>	<b>15,182</b>
<b>Deferred Tax Liability</b>	<b>3,261</b>	<b>3,173</b>	<b>3,173</b>	<b>3,173</b>
provisions	9,288	9,534	9,534	9,534
other Liabilities	10,332	6,887	6,887	6,887
Minority Interest	4,702	4,589	4,589	4,589
Equity Share Capital	4,400	4,403	4,403	4,403
Reserves & Surplus*	2,74,845	2,66,866	2,70,200	2,77,931
<b>Total Net Worth</b>	<b>2,79,245</b>	<b>2,71,269</b>	<b>2,74,603</b>	<b>2,82,334</b>
<b>Total Liabilities</b>	<b>3,34,230</b>	<b>3,21,679</b>	<b>3,25,013</b>	<b>3,32,744</b>

Source Company data, I-Sec research

### Exhibit 63: Quarterly trend

(INR mn, year ending March)

	Sep-22	Dec-22	Mar-23	Jun-23
Net Sales	1,31,295	1,37,346	1,37,182	1,31,590
% growth (QoQ)	3.3	4.6	-0.1	-4.1
EBITDA	19,841	21,440	20,205	13,380
Margin %	15.1	15.6	14.7	10.2
Other Income	1,715	1,253	-55	798
Extraordinaries	-	-	-	-
Adjusted Net Profit	12,854	12,966	11,176	6,925

Source Company data, I-Sec research

### Exhibit 64: Cashflow statement

(INR mn, year ending March)

	FY23A	FY24E	FY25E	FY26E
CFO before WC changes	64,197	56,012	87,037	1,06,112
<b>CFO after WC changes</b>	<b>75,651</b>	<b>54,818</b>	<b>90,968</b>	<b>1,09,595</b>
Capital Commitments	(20,824)	(17,014)	(20,094)	(21,749)
<b>Free Cashflow</b>	<b>76,543</b>	<b>57,002</b>	<b>88,317</b>	<b>1,03,640</b>
Other investing cashflow	18,039	8,732	6,082	5,693
<b>Cashflow from Investing Activities</b>	<b>(2,785)</b>	<b>(8,281)</b>	<b>(14,012)</b>	<b>(16,056)</b>
Issue of Share Capital	442	1,968	0	-
Interest Cost	(2,570)	-	-	-
Inc (Dec) in Borrowings	(6,020)	(4,619)	-	-
<b>Cash flow from Financing Activities</b>	<b>(50,781)</b>	<b>(53,847)</b>	<b>(60,958)</b>	<b>(70,676)</b>
Dividend paid	(42,633)	(51,240)	(60,958)	(70,676)
Others	(1)	44	-	-
<b>Chg. in Cash &amp; Bank balance</b>	<b>2,154</b>	<b>(22,139)</b>	<b>(6,747)</b>	<b>(4,842)</b>
Closing cash & balance	40,563	18,423	11,677	6,835

Source Company data, I-Sec research

### Exhibit 65: Key ratios

(Year ending March)

	FY23A	FY24E	FY25E	FY26E
<b>Per Share Data (INR)</b>				
Reported EPS	55.3	47.0	73.1	89.1
Diluted EPS	54.6	46.5	72.6	88.5
Cash EPS	76.9	67.5	95.1	112.9
Dividend per share (DPS)	59.9	57.9	68.9	79.8
Book Value per share (BV)	316.3	306.6	310.2	318.9
Dividend Payout (%)	109.9	124.6	94.9	90.2
<b>Growth (%)</b>				
Net Sales	19.4	(0.1)	9.9	13.3
EBITDA	0.1	(10.1)	46.9	19.9
EPS	(13.6)	(15.2)	55.7	21.8
<b>Valuation Ratios (x)</b>				
P/E	23.0	27.1	17.4	14.3
P/CEPS	16.6	18.9	13.4	11.3
P/BV	4.0	4.2	4.1	4.0
EV / EBITDA	13.6	15.5	10.6	8.9
P/S	2.2	2.2	2.0	1.7
Dividend Yield (%)	4.7	4.5	5.4	6.3
<b>Operating Ratios</b>				
EBITDA Margins (%)	15.1	13.6	18.1	19.2
EBIT Margins (%)	11.4	10.1	14.7	15.9
Effective Tax Rate (%)	24.5	26.3	26.0	26.0
Net Profit Margins (%)	9.2	7.8	11.1	11.9
Inventory Turnover Days	0.2	0.2	0.1	0.1
Fixed Asset Turnover (x)	18.4	18.2	20.0	22.5
Receivables Days	53	56	55	55
Payables Days	29	31	31	31
Working Capital Days	40	46	48	49
Net Debt / EBITDA (x)	(2.7)	(1.7)	(1.3)	(0.9)
<b>Profitability Ratios</b>				
RoCE (%)	15.5	13.4	21.8	26.2
RoC (%)	22.9	18.8	28.9	33.6
RoNW (%)	17.3	14.7	23.2	27.7

Source Company data, I-Sec research

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: [Mr. Prabodh Avadhoot](mailto:Mr.Prabodh.Avadhoot) Email address: [headservicequality@icicidirect.com](mailto:headservicequality@icicidirect.com) Contact Number: 18601231122

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