

Tech Mahindra (TECHM)

IT Services

BUY

CMP(₹): 1,608

Fair Value(₹): 1,830

 Sector View: **Neutral**

NIFTY-50: 25,212

July 16, 2025

More progress

TechM reported a revenue of 1.4% in c/c on account of Comviva seasonality and external demand challenges. Margin progress continues with a 60 bps qoq increase to 11.1%. Deal wins are healthy. TechM is showing gradual progress in its turnaround journey. We believe that a successful turnaround is on the cards, although a weak demand environment can make the margin journey more challenging to execute in the desired timeframe. We expect acceleration of revenue growth in FY2027, which will be on par with quality Tier 1. Retain BUY with a revised FV of Rs1,830.

Revenue decline of 1.4% in c/c; reasonable margin expansion

TechM reported revenue growth of 1% in US\$ terms to US\$1,564. The c/c sequential decline of 1.4% was 40 bps lower than our estimate. On yoy basis, revenue declined 1%. The telecom vertical grew 2.8% qoq, while enterprise revenue was flat in US\$ terms. The Americas led with qoq growth of 2.7%, while Europe and RoW declined in c/c terms. EBIT margin expanded 60 bps qoq, in line with our estimate, aided by higher offshoring mix and lower subcontracting usage. Adjusted net profit declined 4% qoq and increased 34% yoy, missing our estimate by 3.8% due to a higher tax rate.

Gradual progress in turnaround journey

TechM is progressing well in multiple dimensions—(1) new deal wins continue to be healthy at US\$809 mn and margin accretive, (2) progress in operational levers such as offshore mix and subcontractor usage and (3) G&A optimization of acquired entities. While the employee pyramid is similar in FY2025 compared with FY2024, TechM has done better than TCS and Infosys, despite weaker revenue performance. These elements and a few others will contribute to a sustainable elevated margin profile and narrowing gap in growth versus quality Tier 1 peers.

Weak demand environment makes margin journey more challenging

Weak demand leads to industry-wide margin pressures with challenges in (1) improving the employee pyramid, (2) contract renegotiation and pricing increases, (3) revenue mix shifting to competitive cost take-outs and less of discretionary and (4) higher competitive intensity in new deal bids. TechM will not be an exception. We are confident of TechM reaching a 15% EBIT margin and beyond. To the extent of additional pressure, it may need to double down on cost controls and operational levers to get to desired margins in FY2025.

Retain BUY at revised FV of Rs1,830

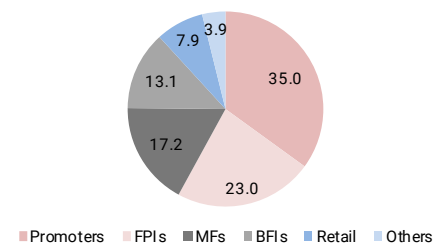
We cut c/c revenue growth estimate by 1.7% for FY2026. FY2026-28E US\$ revenue estimates increase by ~1%, aided by cross-currency tailwinds. We fine-tune margin assumptions and incorporate revised INR/USD estimates by KIE's economist, resulting in a 1-3% cut to EPS estimates. TechM has executed well on many foundational elements of the turnaround, which will bear fruit in FY2026-27E. We value the stock at 22X (unchanged) June 2027E earnings, resulting in an FV of 1,830 (Rs1,850 earlier). Retain BUY.

Company data and valuation summary

Stock data

CMP(Rs)/FV(Rs)/Rating	1,608/1,830/BUY
52-week range (Rs) (high-low)	1,808-1,209
Mcap (bn) (Rs/US\$)	1,423/16.6
ADTV-3M (mn) (Rs/US\$)	3,413/39.7

Shareholding pattern (%)



Price performance (%)	1M	3M	12M
Absolute	(5)	23	6
Rel. to Nifty	(6)	15	4
Rel. to MSCI India	(6)	14	6

Forecasts/Valuations	2025	2026E	2027E
EPS (Rs)	48.1	58.4	77.8
EPS growth (%)	51.9	21.4	33.3
P/E (X)	33.4	27.5	20.7
P/B (X)	5.2	5.0	4.8
EV/EBITDA (X)	19.4	15.7	12.3
RoE (%)	15.8	18.6	23.7
Div. yield (%)	2.4	2.5	3.2
Sales (Rs bn)	530	549	601
EBITDA (Rs bn)	70	86	109
Net profits (Rs bn)	43	52	69

Source: Bloomberg, Company data, Kotak Institutional Equities estimates

Prices in this report are based on the market close of July 16, 2025

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| Kawaljeet Saluja | Sathishkumar S | Vamshi Krishna

Gradual progress visible in a few metrics

We once again list out improvements in key metrics, which indicate progress toward a successful turnaround:

- ▶ **Healthy new deal TCV.** New deal TCV increased 1.4% qoq and 51.5% yoy to US\$809 mn. New deals have a robust margin profile, in our view. Deal wins are broad-based across verticals and geographies.
- ▶ **Increase in number of US\$20 mn accounts.** The number of US\$50 mn clients increased by 1 qoq and 2 yoy to 26, which could indicate progress in growing large accounts and cross-selling.
- ▶ **Increase in new logos.** TechM won 15 must-have logos in 1QFY26. These are typically F-2000 or G-2000 companies.
- ▶ **Increase in offshoring mix.** Offshore headcount increased to 78.6%, an increase of 70 bps qoq and 320 bps yoy.
- ▶ **Decline in subcontractor usage.** Subcontracting costs, as a percentage of revenue, declined 30 bps qoq and 180 bps yoy to 9.8%.

We believe that underlying growth will be better in FY2026E; expect acceleration in FY2027E

We model 0.1% c/c revenue growth in FY2026E, which also captures the rationalization of low-margin revenues, an ongoing journey that could result in revenue headwinds in FY2026E. Note that many contracts are poorly structured ones signed in FY2019-22. Some of these contracts will come to an end in FY2026E. We have cut down our growth estimates, taking into account macro uncertainty on demand, especially in the manufacturing, hi-tech and healthcare verticals. We forecast an acceleration in revenue growth in FY2027E. Our confidence on acceleration stems from (1) good momentum in deal wins, (2) the full benefit of changes to organizational structure and GTM motion that will start showing up in numbers and (3) our belief that portfolio rationalization, i.e., culling out low-margin and non-strategic businesses, will be completed by FY2026.

Telecom portfolio faring better than select peers; hi-tech and manufacturing woes can continue

Telecom has performed well, despite the Comviva seasonality impact, aided by the ramp-up of new deals. Demand outlook is stable with an upward bias. TechM has managed to perform better than a few peers in the telecom vertical yoy, despite the lack of mega deals. This is also aided by stabilization of headwinds in large telecom accounts. The impact of senior management exits, if any, seem to have largely taken care of.

The automotive vertical is impacted by heightened macro uncertainties and tariff imposition, leading to lower spending. Select hi-tech clients have slowed down spending due to high focus on cost efficiencies. These factors will impact TechM's revenue growth in FY2026 and baked into our estimates.

Executing on multiple initiatives to improve margins

There are multiple drivers still at play to improve margins—(1) portfolio companies such as Pininfarina, LCC and Target are running at sub-optimal margins, (2) in fixed-price deals, TechM is fixing issues related to right cost estimation, right contractual agreements with customers and right pricing through a centralized approach—this entails a project-by-project effort, (3) new deals have a better margin profile, TechM is avoiding dilutive deals with hardware and software passthroughs and deals that have aggressive efficiency assumptions baked in and (4) the pyramid will provide benefits in FY2027 and beyond. For now, TechM is investing in the people supply chain. The focus is on increasing internal fulfillment and building the right hiring engine to optimize hiring costs. We believe that the underlying pricing of contracts is robust and can help in margin normalization to 15%+.

Scope to improve revenue and margins of acquired entities

There is sufficient scope to improve the performance of acquired entities. Some green shoots are already visible in Comviva, which grew close to double digits in FY2025. Acquisitions have been integrated in the front-end with various business lines, which should help in cross-selling capabilities. A better demand outlook for the telecom vertical will likely help in the stabilization of revenue in LCC (US\$53 mn decline in FY2025 yoy). Back-end integration of acquisitions will help drive overall margin improvement for TechM.

Software, hardware and project-specific expenses continue to be significantly high

Software, hardware and project-specific expenses increased in FY2025 and were 10% of revenue. We believe that a large part of the costs will be for client delivery. Lowering pass-through costs has not been mentioned as a key margin lever by the company so far in its journey to a 15% EBIT margin in FY2027.

Senior management attrition has reduced significantly

Exhibit 9 provides a list of senior management attrition in recent months. Attrition has largely quieted down, although there have been some exits, which appear to be business as usual. New leaders onboarded under Mohit have not departed. TechM continues to add laterals to its leadership team. Management attrition is not concerning currently in our view.

Gen AI impact: Fast-growing BPO business faces a disruptive technology

TechM has relatively high exposure to BPO at 15.6% of revenue, the highest among Tier 1 IT. We believe TechM has significant exposure to customer service BPO, which is vulnerable to disruption from generative AI. Disruption provides both headwinds—revenue deflation in existing businesses and tailwinds—opportunity to gain share from incumbents. We believe TechM can manage revenue deflation sufficiently, that at the very least, it does not become a significant headwind for growth at the company level. The company has grown its BPO business faster than the market by gaining share from incumbents and has been willing to cannibalize its own revenue through the use of automation and AI.

Sales and support headcount declines further; attrition rate increases to 12.6%

Net headcount declined by 214 or 0.1% qoq to 148,517. Sales and support headcount declined by 2.8% qoq and by 8.6% yoy. Sales and support personnel as a percentage of total headcount has declined to 5.6%, closer to average levels in the past four years compared with a peak of 6.2% in the March 2024 quarter. Management attributed the decline in sales and support headcount to G&A optimization in acquired entities. Attrition rate increased 80 bps and 250 bps yoy to 12.6%. Despite the considerable increase in attrition rate, it is still below that of other Tier 1 Indian IT companies.

Key highlights from earnings call

- ▶ **Outlook on FY2027 guidance.** Continues to expect growth that is better than the industry average and 15% EBIT margin in FY2027E. Expects to bridge the gap in growth versus peers in FY2026. Revenue growth in FY2026 will be better than FY2025.
- ▶ **Revenue growth commentary.** Expect telecom to contribute to growth in FY2026, aided by strong outlook in Comviva. Retail in Americas has a positive outlook based on pipeline and deal wins. BFSI can also do well.
- ▶ **Margin commentary.** Headwinds from lower utilization, higher visa costs and absence of Comviva seasonality were offset by savings from project Fortius, which included G&A optimization with continuous progress in integration of acquisitions, lower subcontractor usage and other costs.
- ▶ **Vertical-wise commentary.** (1) **Manufacturing.** Softness in discretionary spends in automotive. It engaged with key manufacturing clients and its manufacturing experience center hosted 60+ clients. Auto exposure in the US is higher, while in Europe significant exposure is limited to Pininfarina. US auto is still impacted by macro uncertainty. A ramp-up in aerospace aided sequential growth in 1QFY26. (2) **Telecom.** The vertical has stabilized. Spending by large accounts has stabilized. (3) **Hi-tech.** The decline in revenue is driven by a client-specific issue in the semiconductor sector. We expect a gradual recovery in 2HFY26. (4) **BFSI.** Confident of long-term potential across all geos.
- ▶ **Employee pyramid.** The pyramid is a source of strength in the current environment, where clients are looking for experience. Pyramid reshaping will happen when fresher absorption capability increases, which depends on normalization of industry growth. Pyramid may not get to peer levels in the near to medium term. Halfway can be achieved in the next couple of years.
- ▶ **Commentary on Americas geo.** Sequential growth is driven by strong performance in telecom. Slowdown in manufacturing and hi-tech resulted in yoy revenue decline.

- ▶ **Margin outlook.** Wage hikes in 4QFY27 will be subject to market conditions in the next 6-9 months. Margin levers continue to be subcontracting, offshoring, fixed-price productivity improvements, better governance on contractual reviews on new and existing deals, integration of portfolio companies and better margins in new deals.
- ▶ **Decline in sales and support headcount.** No intention of reducing its sales headcount. Rationalization of support headcount is due to redundancies under the new organizational structure.
- ▶ **Deal wins.** Deal wins were broad-based across telecom, hi-tech, BFSI, manufacturing and other verticals.
- ▶ **Client metrics.** The number of US\$50 mn clients increased by 1 qoq and 2 yoy to 26. The number of US\$20 mn clients increased by 1 qoq and declined by 1 yoy to 60.
- ▶ **Other expenses.** Normalization of the year-end spend led to lower other expenses in 1QFY26. Expect other expenses to increase in 2QFY26.
- ▶ **AI.** TechM has a portfolio of 200+ enterprise-grade AI agents, with many already in use in client environments.
- ▶ **ETR.** Tax rate will be in 27% in FY2026.
- ▶ **DSO.** Increase was due to collection delays, which will normalize in 2QFY26.
- ▶ **Other highlights.** The largest accounts are growing faster than the company's average growth. Added 15 new must-have accounts in 1QFY26, which are largely G-2000 companies. A decline in IT is partly due to the Comviva impact. Utilization has declined since TechM has increased the bench-to-staff deals. Subcontracting costs, as a percentage of revenues, will be in the 8-10% band. 250 freshers were onboarded in 1QFY26. Fresher hiring will increase as TechM progresses through the year. TechM is focused on the billability of 6k freshers hired in FY2025.

Exhibit 1: Tech Mahindra 1QFY26–March fiscal year-ends, Ind-AS (Rs mn)

	1QFY26	1QFY26E	1QFY25	4QFY25	% chg.			FY2026E	% chg.
					KIE	yoy	qoq		
Revenues (US\$ mn)	1,564	1,565	1,559	1,549	(0.1)	0.3	1.0	6,377	1.8
USD INR	85.4	85.6	83.4	86.4	(0.3)	2.3	(1.2)	86.0	1.7
Revenues	133,512	133,951	130,055	133,840	(0.3)	2.7	(0.2)	548,631	3.5
Direct costs	(95,236)	(94,794)	(95,532)	(94,800)	0.5	(0.3)	0.5	(381,920)	0.3
Gross profit	38,276	39,157	34,523	39,040	(2.3)	10.9	(2.0)	166,711	11.9
SG&A expenses	(18,924)	(19,691)	(18,878)	(20,366)	(3.9)	0.2	(7.1)	(80,503)	1.7
EBITDA	19,352	19,466	15,645	18,674	(0.6)	23.7	3.6	86,208	23.3
Depreciation	(4,581)	(4,558)	(4,622)	(4,621)	0.5	(0.9)	(0.9)	(18,229)	(1.6)
EBIT	14,771	14,908	11,023	14,053	(0.9)	34.0	5.1	67,978	32.3
Other income	2,183	1,544	1,447	1,727	41.4	50.9	26.4	6,246	(27.0)
Finance costs	(778)	(744)	(715)	(853)	4.5	8.8	(8.8)	(3,038)	(5.6)
PBT	16,176	15,708	11,755	14,927	3.0	37.6	8.4	71,186	25.5
Taxes	(4,893)	(4,084)	(3,133)	(3,282)	19.8	56.2	49.1	(19,220)	37.3
PAT	11,283	11,624	8,622	11,645	(2.9)	30.9	(3.1)	51,966	21.7
Minority interest	118	248	(133)	248				(15)	0.5
Share of profit from associates	5	–	26	(12)				–	
Net income	11,406	11,860	8,515	11,881	(3.8)	34.0	(4.0)	51,951	21.7
Exceptional items	–	–	–	(214)				–	
Net income (after extraordinary)	11,406	11,860	8,515	11,667	(3.8)	34.0	(2.2)	51,951	21.4
Recurring EPS (Rs)- ex treasury	12.9	13.3	9.6	13.2	(3.6)	34.0	(2.2)	58.4	21.4
Margins (%)									
Gross profit	28.7	29.2	26.5	29.2				30.4	
SG&A expenses	14.2	14.7	14.5	15.2				14.7	
EBITDA	14.5	14.5	12.0	14.0				15.7	
EBIT	11.1	11.1	8.5	10.5				12.4	
PBT	12.1	11.7	9.0	11.2				13.0	
Net income after MI, before EO items	8.5	8.9	6.5	8.9				9.5	
Tax rate (as % of PBT)	30.2	26.0	26.7	22.0				27.0	

Source: Company, Kotak Institutional Equities estimates

We cut FY2026-28E EPS estimates by 1-3%

Exhibit 2: Key changes to estimates, FY2026-28E, March fiscal year-ends

	New			Old			Change (%)		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue (US\$ mn)	6,377	6,832	7,335	6,316	6,755	7,255	1.0	1.1	1.1
Revenue (Rs mn)	548,631	601,211	660,189	547,157	597,810	652,944	0.3	0.6	1.1
EBITDA (Rs mn)	86,208	109,385	120,731	87,268	109,075	121,206	(1.2)	0.3	(0.4)
EPS (Rs/share)	58.4	77.8	86.8	60.1	78.3	88.2	(2.9)	(0.7)	(1.6)
US\$ revenue growth (%)	1.8	7.1	7.4	0.8	6.9	7.4			
Revenue growth (c/c, %)	0.1	7.1	7.4	1.8	6.9	7.4			
Revenue growth (organic c/c, %)	0.1	7.1	7.4	1.8	6.9	7.4			
EBITDA margin (%)	15.7	18.2	18.3	15.9	18.2	18.6	-24 bps	-5 bps	-28 bps
EBIT margin (%)	12.4	15.0	15.2	12.6	15.1	15.5	-23 bps	-3 bps	-24 bps
USD INR rate	86.0	88.0	90.0	86.6	88.5	90.0	(0.7)	(0.6)	–

Source: Kotak Institutional Equities estimates

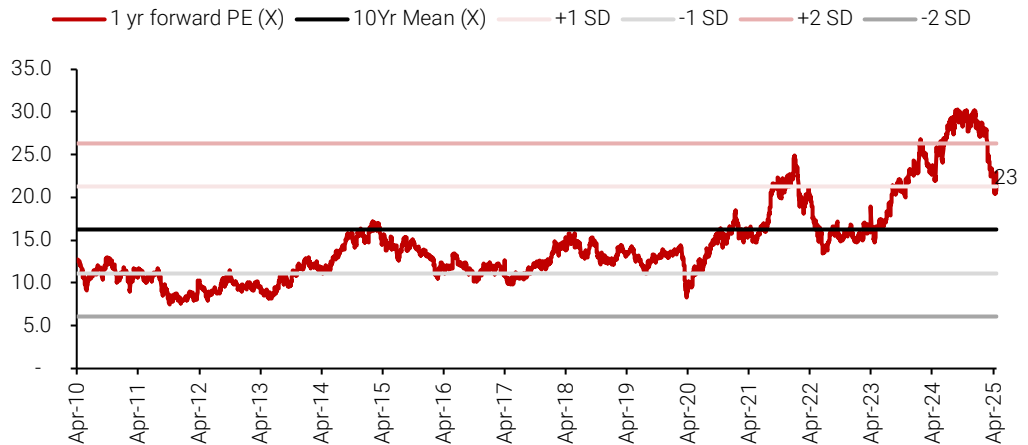
Americas drives sequential growth; BPO grows faster than IT services sequentially

Exhibit 3: Revenues by segment (June 2025 quarter)

	Jun-25	Growth (%)		Growth (c/c %)		Contribution to revenues (%)
		qoq	yoy	qoq	yoy	
Revenues (US\$ mn)	1,564	1.0	0.3	(1.4)	(1.0)	100
Revenues by geography (US\$ mn)						
Americas	769	2.7	(5.9)			49.2
Europe	407	3.4	11.4			26.0
RoW	388	(4.4)	3.0			24.8
Revenue by verticals (US\$ mn)						
Communications, media & entertainment	529	2.8	2.4			33.8
Manufacturing	274	4.0	(4.0)			17.5
Tech, Media & Entertainment	208	1.7	(3.2)			13.3
BFSI	256	(0.8)	4.7			16.4
Retail, transport, logistics	124	(1.5)	3.6			7.9
Healthcare	114	1.0	(4.5)			7.3
Others	61	(12.5)	3.2			3.9
Client contribution (US\$ mn)						
Top 5 clients	244	1.6	1.0			15.6
Top 10 clients	394	3.9	0.7			25.2
Top 20 clients	610	3.1	1.9			39.0
Excluding top 5 clients	1,320	0.9	0.2			84.4
Excluding top 10 clients	1,170	0.0	0.2			74.8
Ex top 20	954	(0.3)	(0.7)			61.0
Revenue by services (US\$ mn)						
IT services	1,319	0.7	1.2			84.4
BPO	245	2.7	(4.1)			15.6

Source: Company, Kotak Institutional Equities

Exhibit 4: Historical one-year forward P/E band



Source: Bloomberg consensus estimates

Revenue from top-5 and top-10 grew 1.6% and 1% qoq, respectively, in US\$ terms

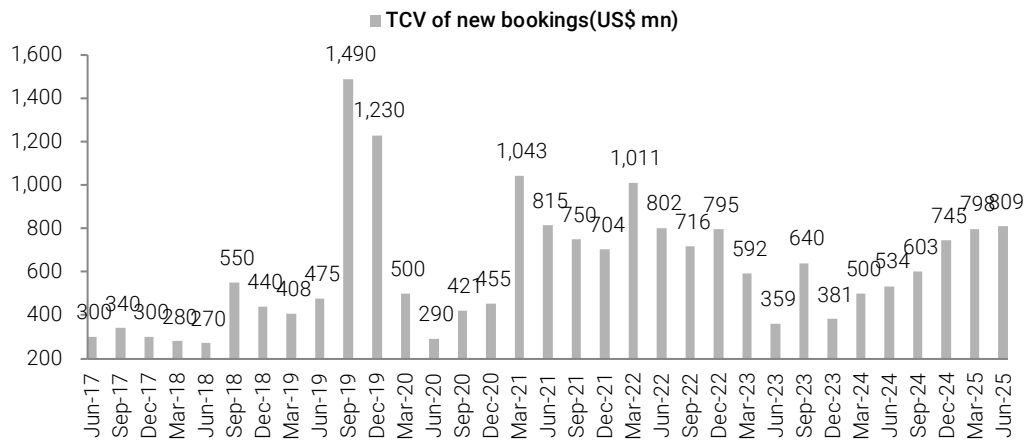
Exhibit 5: Top client revenue growth and client-bucket progression trend

	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	4 qtr CQGR (%)
Revenue (US\$ mn)										
Top 5 clients	279	258	253	244	241	241	231	240	244	0.3
Top 10 clients	437	421	412	401	391	396	379	380	394	0.2
Top 20 clients	631	614	607	601	599	613	596	592	610	0.5
Total	1,601	1,555	1,573	1,548	1,559	1,589	1,567	1,549	1,564	0.1
Growth (qoq %)										
Top 5 clients	(0.5)	(7.3)	(1.9)	(3.6)	(1.1)	(0.4)	(3.9)	3.8	1.6	
Top 10 clients	(1.0)	(3.6)	(2.2)	(2.8)	(2.3)	1.1	(4.2)	0.1	3.9	
Top 20 clients	(5.4)	(2.6)	(1.2)	(1.1)	(0.3)	2.4	(2.8)	(0.7)	3.1	
Total	(4.0)	(2.8)	1.1	(1.6)	0.7	1.9	(1.3)	(1.2)	1.0	
Growth (yoy %)										
Top 5 clients	(16.8)	(16.6)	(14.1)	(12.8)	(13.3)	(6.8)	(8.7)	(1.7)	1.0	
Top 10 clients	(10.5)	(8.1)	(9.0)	(9.2)	(10.5)	(6.1)	(8.0)	(5.3)	0.7	
Top 20 clients	(6.5)	(6.0)	(8.6)	(9.9)	(5.1)	(0.2)	(1.8)	(1.5)	1.9	
Total	(1.9)	(5.1)	(5.7)	(7.2)	(2.6)	2.2	(0.4)	0.1	0.3	
Million \$ clients										
>US\$5 mn	190	186	185	190	191	195	191	195	193	
>US\$10 mn	115	114	118	114	113	109	104	106	108	
>US\$20 mn	62	61	63	63	61	61	61	59	60	
>US\$50 mn	26	26	26	23	24	25	25	25	26	

Source: Company, Kotak Institutional Equities

Deal win TCV of US\$809 mn increased 1.4% qoq and 51.5% yoy

Exhibit 6: TCV of new bookings, US\$ mn



Source: Company, Kotak Institutional Equities

Exhibit 7: List of key external hires

Personnel	Earlier role	Designation
Atul Soneja	COO, CitiusTech	COO
Peeyush Dubey	TheMathCompany, Chief Marketing and Strategy Officer	CMO
Richard Lobo	Infosys, Head of HR	CHRO
Rajashree P	TCS, ex-CMO	Chief Growth Officer, America Strategic verticals
Sumit Kumar Popli	Managing Director at Deloitte in the TMT and VP and Global Head of the Hardware & Consumer Technology Industry (Computer Platforms) at TCS	President, SBU Head – Technology Media & Entertainment
Akshay Lal	Infosys, Head of new business, Infosys Compaz	SVP, BU head, BFSI in ASEAN region
Pankaj Kulkarni	EVP, Global business head, Insurance + Global head, BFSI Solutions, HCLT	Head, EMEA-BFSI and Global head, Strategic initiatives
Rajesh Ravindranath	SVP, Head of BFSI Europe and global head, Banking GTM/ strategy, ITC Infotech	SVP, Europe-BFSI
Pallavi Katiyar	CIO, Cyient	CIO
Paraj Vidyarthi	Regional country head, Japan & Asiapac, PathPartner	SVP, Regional head, APAC, - Manufacturing, hitech, BFSI
Atish Mitra	Atish Mitra	Head of Talent Acquisition Group, Americas
Murugesh Mayandi	Chief Growth Officer, Straive	Head, Americas- Data and Analytics
Roshan Shetty	Chief Revenue Officer, Sonata Software	Head, Americas-BFSI
Rajeev Kajaria	VP, Engagement Manager, Infosys	SVP, Head, New business development, Americas- BFSI
Ahmed B.	CMT Expert, Kearney	SVP, Business head, Network Services- Americas
Nitesh Aggarwal	SVP, Head of pricing transformation, Infosys	Chief Strategy Officer
Viswanath Chavali	MD, GTM Lead Data & AI, ANZ, Accenture	SVP, BFSI ANZ
Saket Singh	SVP, Publicis Sapient	SVP, Global head, Cloud and Infrastructure Services
Gopikrishnan Konnanath	President, Cybage Software	Global head, Enterprise Applications
Scott Sorokin	Leader, Accenture Google Business Group	Head, Design Services
Arjun Saxena	Partner, Head, Wealth management, PwC	Head, Consulting

Source: Company, Kotak Institutional Equities

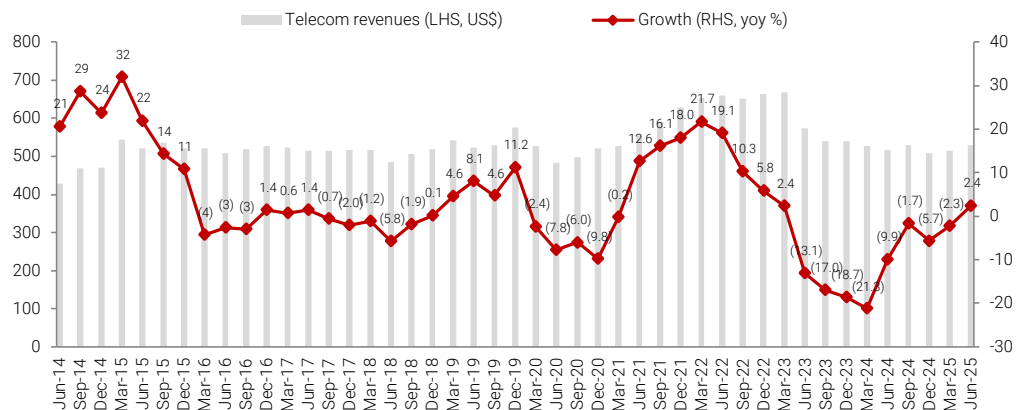
Exhibit 8: List of key senior leader departures since Jun-23

Period	Person	Role	New role/ firm
Apr-25	Sunil John	SVP, Head BFS and Public sector USA	Not available
Mar-25	Sunil Karkera	CEO, Born Group and Head, Design Services	Founder, Chief Engineer, Soul of the Machine
Feb-25	Abhishek Shankar	President, US CMT	CEO, Emids
Feb-25	Jinender Jain	SVP, Sales head, UK/I	Chief Growth Officer, UK&I, NTT Data
Jan-25	Ketan Panchal	SVP, Head, APAC-CME	SVP, MD, ANZ, Wipro
Jul-24	Vikram Nair	President, Head, EMEA	President, Strategic Initiatives, AlonOS
Jun-24	Sohit Brahmawar	Chief Delivery Officer, BPS	COO, Firstsource
May-24	Anuj Bhalla	President, Head, Integrated cloud (app modernization and hybrid infra) & Delivery Excellence	SVP, Head, Delivery- IMS, CTSH
May-24	Manish Choudhary	Head, Insurance SBU	Founder, LifeBridge
Apr-24	Vivek Agarwal	President, Strategy and Transformation	Not available
Apr-24	Gautam Bhasin	SVP, Global head, BFSI	CEO, Espire Infolabs
Apr-24	Sandeep Khajuria	SVP, Head- Railroad BU	Not available
Apr-24	Jagdish Mitra	President, India and head of Corporate Affairs	Founder and CEO, Humanizetech.ai
Mar-24	BK Mishra	SVP, Global head- delivery excellence, hypercare programs, Tier 2 cities	Co-founder, Crest'XO
Mar-24	Rajesh Dhuddu	SVP, BU head, Emerging Technology	Partner-Emerging Tech, PwC
Feb-24	Manish Vyas	Head, Telecom vertical	Executive Director, Prodapt
Feb-24	Bhushan Patil	Chief Growth Officer, Networks business, EMEA, APJI	EVP, Europe, Prodapt
Feb-24	Maninder Bharadwaj	Global BU head- Cyber Security and Risk Management	CISO, Providence India
Jan-24	Valsaraj Poureil	Delivery head, Insurance vertical	President, ITC Infotech
Dec-23	Dhanshree Bhat	Delivery head, Telecom vertical	COO, Persistent
Dec-23	Vikas Gupta	SVP, BU head, Cloud and Infrastructure	SVP, Head, CIS, Wipro Fullstride Cloud
Dec-23	Sumit Grover	Head, Corporate Strategy and Growth, Telecom	Head, Strategic growth initiatives, Prodapt
Dec-23	Anil Daulani	SVP, BU head, Utilities	Founder, Tech Tranquility Digital Innovation
Sep-23	Vivek Singh	Head, EMEA BFSI	Apexon, Head of BFSI, UK and Europe
Aug-23	Sudhir Nair	Global Chief Delivery Officer	Co-founder, CEO and MD, Codincity
Aug-23	Suri Chawla	Head, Cloud services	Quadforte Capital, Founding Partner
Aug-23	Satish Pai	Chief Delivery Officer, CME	President-Operate, Deloitte
Aug-23	Bharath Krishnaswamy	SVP, Hi-tech vertical	President and geo head America's, ITC Infotech
Jun-23	Venkat Paturi	SVP, Regional BU head, Hitech	Not available

Source: Company, Kotak Institutional Equities

Telecom vertical grew 2.4% qoq in 1QFY26

Exhibit 9: Telecom vertical revenue growth trend



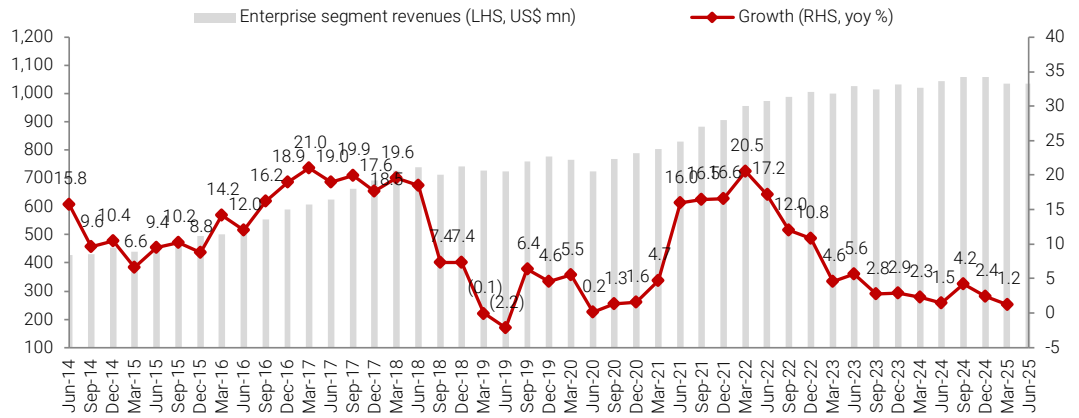
Notes

- a) Includes media and entertainment from the June 2021 quarter
- b) On organic basis, revenue grew 8% yoy in in March 2015 and declined ~2-3% yoy in June 2015

Source: Company, Kotak Institutional Equities

Enterprise vertical declined 0.7% qoq in 1QFY26

Exhibit 10: Enterprise segment revenue growth trend



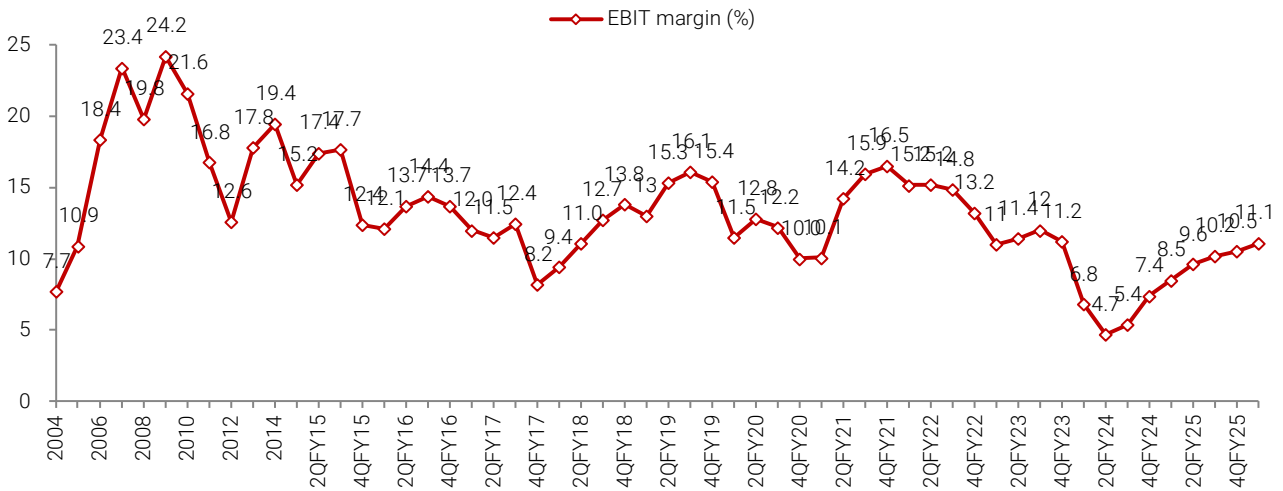
Notes

a) Excludes media and entertainment from June 2021 quarter

Source: Company, Kotak Institutional Equities

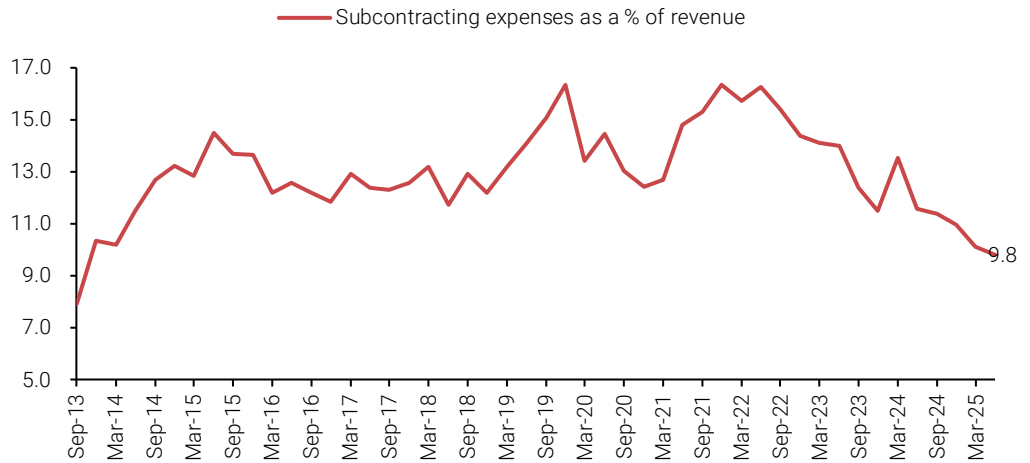
EBIT margin improved by 60 bps qoq in 1QFY26

Exhibit 11: EBIT margin trend, March fiscal year-ends (%)



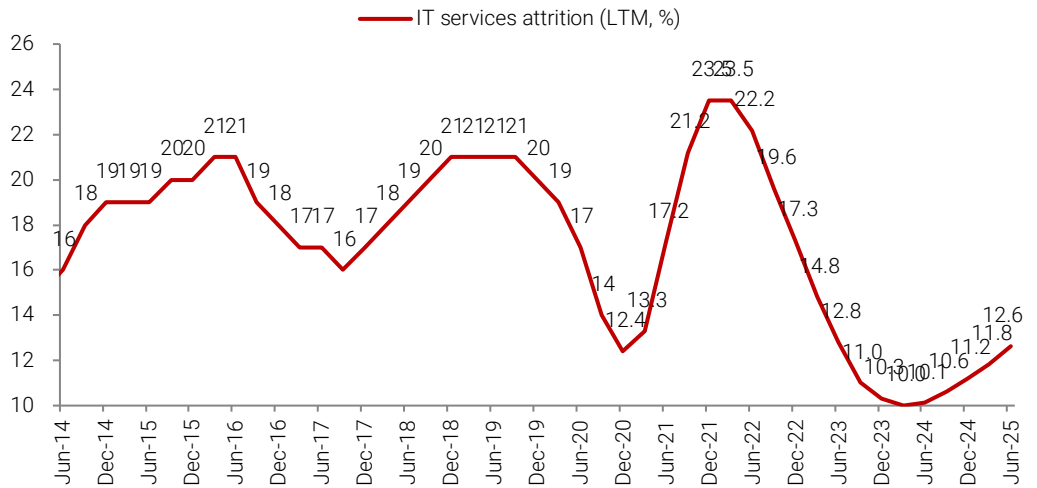
Source: Company, Kotak Institutional Equities

Exhibit 12: Decline in subcon expenses as a percentage of revenue to 9.8%



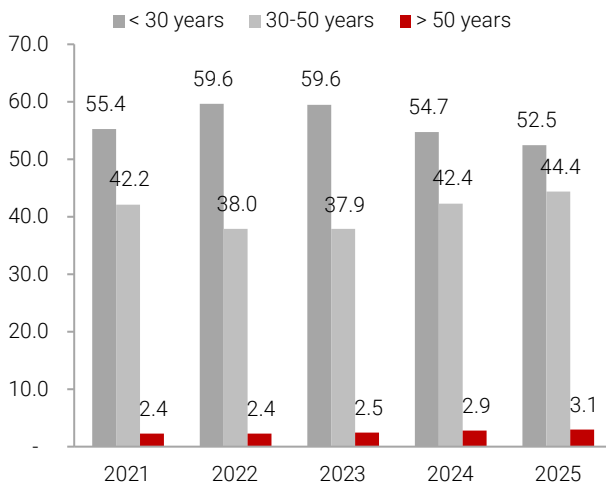
Source: Company, Kotak Institutional Equities

Exhibit 13: IT services attrition increased 80 bps qoq to 12.6%



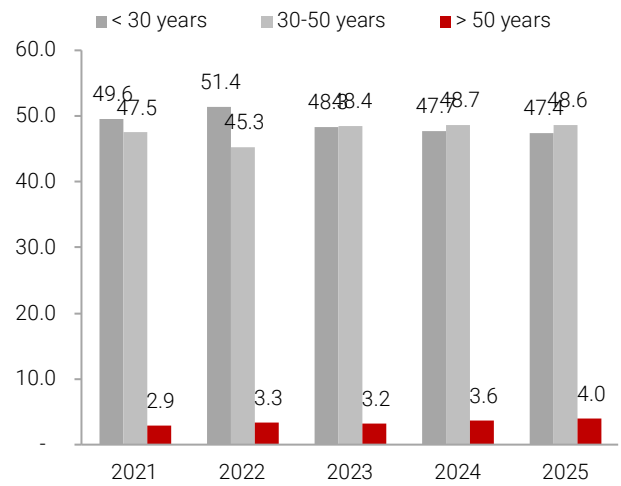
Source: Company, Kotak Institutional Equities

Exhibit 14: Infosys—employee mix by age groups, March fiscal year-ends, 2021-25 (%)



Source: Company, Kotak Institutional Equities

Exhibit 15: TechM—employee mix by age groups, March fiscal year-ends, 2021-25 (%)



Source: Company, Kotak Institutional Equities

Exhibit 16: Key model assumptions, March fiscal year-ends, 2020-28E

	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
INR/USD rate	71.2	74.1	74.4	80.7	82.8	84.6	86.6	88.5	90.0
Revenues (US\$ mn)	5,182	5,111	5,999	6,607	6,277	6,264	6,316	6,755	7,255
% growth	4.3	(1.4)	17.4	10.1	(5.0)	(0.2)	0.8	6.9	7.4
C/c revenue growth (%)	5.6	(2.5)	17.0	13.7	(5.3)	0.3	1.8	6.9	7.4
C/c revenue growth (organic %)	4.4	(4.9)	13.9	10.0	(5.4)	0.3	0.8	6.9	7.4
EBITDA margin (%)	15.5	18.1	18.0	15.1	9.5	13.2	15.9	18.2	18.5
EBIT margin (%)	11.6	14.2	14.6	11.4	6.1	9.7	12.6	15.1	15.5
Headcount	125,236	121,054	151,173	152,400	145,455	148,731	155,453	166,030	178,697
Blended pricing change IT services (USD, %)	1.1	(1.5)	3.7	(2.4)	(1.3)	(1.4)	(0.6)	0.4	1.8

Source: Company, Kotak Institutional Equities estimates

Exhibit 17: Key operating metrics

	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Revenues (US\$ mn)	1,601	1,555	1,573	1,548	1,559	1,589	1,567	1,549	1,564
Revenues (Rs mn)	131,590	128,639	131,013	128,713	130,055	133,132	132,856	133,840	133,512
Exchange rate (Rs mn)	82.2	82.7	83.3	83.1	83.4	83.8	84.8	86.4	85.4
Revenues by geography (%)									
Americas	51.4	53.3	51.9	50.8	52.4	51.1	50.8	48.4	49.2
Europe	24.6	23.6	23.8	24.2	23.4	24.0	23.6	25.4	26.0
RoW	24.0	23.2	24.4	25.0	24.2	24.9	25.6	26.2	24.8
Revenue by verticals (%)									
Communications, media & entertainment	37.8	37.0	36.5	36.1	NA	NA	NA	NA	NA
Manufacturing	16.9	17.8	18.1	18.2	NA	NA	NA	NA	NA
Technology	10.7	11.0	10.5	10.7	NA	NA	NA	NA	NA
BFSI	16.1	16.1	15.5	16.3	NA	NA	NA	NA	NA
Retail, transport, logistics	7.9	8.2	8.6	7.9	NA	NA	NA	NA	NA
Others	10.6	10.0	10.8	10.8	NA	NA	NA	NA	NA
Revenue by verticals (%) - new									
Communications	35.8	34.7	34.3	34.0	33.1	33.4	32.5	33.2	33.8
Manufacturing	16.7	17.5	18.0	18.0	18.3	17.2	16.8	17.0	17.5
Hi-tech and media	13.9	14.3	13.7	13.8	13.8	14.3	14.3	13.2	13.3
BFSI	15.5	15.4	14.8	15.7	15.7	15.8	16.1	16.7	16.4
Retail, transport, logistics	7.1	7.7	8.1	7.3	7.7	7.9	8.1	8.1	7.9
Healthcare, life sciences	7.0	7.2	7.5	7.2	7.7	7.4	7.7	7.3	7.3
Others	3.9	3.2	3.5	4.0	3.8	4.0	4.6	4.5	3.9
Revenue by services (%)									
IT services	85.2	85.0	85.4	85.1	83.6	83.6	83.9	84.6	84.4
BPO	14.8	15.0	14.6	14.9	16.4	16.4	16.1	15.4	15.6
Revenue by location (IT services)									
Onsite	NA	NA	NA	NA	NA	NA	NA	NA	NA
Offshore	NA	NA	NA	NA	NA	NA	NA	NA	NA
Onsite/ offshore headcount mix (%)									
Onsite	26.9	26.6	26.1	25.2	24.6	23.7	22.7	22.1	21.4
Offshore	73.1	73.4	73.9	74.8	75.4	76.3	77.3	77.9	78.6
Manpower details									
Software	81,521	81,200	81,705	80,925	80,417	80,618	80,865	80,609	79,987
BPO	58,079	60,985	56,206	55,492	58,177	64,940	61,053	59,636	60,278
Sales and support	8,697	8,419	8,339	9,038	9,026	8,715	8,570	8,486	8,252
Total	148,297	150,604	146,250	145,455	147,620	154,273	150,488	148,731	148,517
IT attrition (LTM)	12.8	11.0	10.3	10.0	10.1	10.6	11.2	11.8	12.6
Utilization rate (%)									
IT utilization	87.2	86.1	87.6	86.4	86.1	86.3	85.6	86.4	NA
IT utilization (ex-trainees)	87.2	86.2	87.6	86.4	86.1	86.1	86.0	86.3	85.0
Client metrics									
No of active clients	1,255	1,252	1,228	1,172	1,165	1,178	1,175	1,162	NA
Repeat business (%)	98	97	95	94	NA	NA	NA	NA	NA
Client buckets									
>US\$1 mn	580	568	558	553	545	545	540	540	529
>US\$5 mn	190	186	185	190	191	195	191	195	193
>US\$10 mn	115	114	118	114	113	109	104	106	108
>US\$20 mn	62	61	63	63	61	61	61	59	60
>US\$50 mn	26	26	26	23	24	25	25	25	26
Client contribution (%)									
Top 5 clients	17.4	16.6	16.1	15.8	15.5	15.1	14.8	15.5	15.6
Top 10 clients	27.3	27.1	26.2	25.9	25.1	24.9	24.2	24.5	25.2
Top 20 clients	39.4	39.5	38.6	38.8	38.4	38.6	38.0	38.2	39.0
Receivables (DSO) - including unbilled	98	97	91	92	93	94	88	88	95
Currency-wise billing (%)									
USD	52.5	53.9	53.9	52.7	53.3	52.1	52.8	51.2	50.4
GBP	9.0	9.7	9.0	9.8	9.4	9.5	9.1	9.9	9.5
Euro	11.1	10.9	11.8	11.3	11.3	11.9	11.6	12.4	13.6
AUD	3.6	3.7	3.6	4.0	4.8	4.9	4.6	4.8	5.5
Others	23.8	21.8	21.7	22.2	21.2	21.7	21.8	21.7	21.0
TCV of net new deal wins (US\$ mn)									
Total	359	640	381	500	534	603	745	798	809

Source: Company, Kotak Institutional Equities estimates

Exhibit 18: Condensed consolidated financials, March fiscal year-ends (Rs mn), 2020-2028E

	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Profit model									
Revenues	368,677	378,551	446,460	532,902	519,955	529,883	548,631	601,211	660,189
EBITDA	57,261	68,471	80,200	80,288	49,645	69,911	86,208	109,385	120,731
Interest (expense)/income	(1,919)	(1,740)	(1,626)	(3,256)	(3,922)	(3,217)	(3,038)	(3,038)	(3,038)
Depreciation	(14,458)	(14,576)	(15,204)	(19,567)	(18,171)	(18,529)	(18,229)	(19,056)	(20,278)
Other income	11,924	7,871	11,123	9,650	9,169	8,554	6,246	7,560	8,424
Pretax profits	52,808	60,026	74,493	67,115	36,721	56,719	71,186	94,851	105,839
Tax	(11,604)	(15,999)	(18,220)	(15,885)	(8,276)	(14,002)	(19,220)	(25,610)	(28,577)
Minority Interest	1,356	750	(640)	(272)	(294)	(15)	(15)	(15)	(15)
Share of profit/ (loss) from associates	(55)	12	28	(275)	9	86	—	—	—
Profit after tax (recurring)	42,505	44,789	55,661	50,683	28,160	42,788	51,951	69,226	77,247
Exceptional items	(2,175)	(507)	—	(2,372)	(4,582)	(273)	—	—	—
Net profit	40,330	44,282	55,661	48,311	23,578	42,515	51,951	69,226	77,247
Recurring EPS (Rs) ex-treasury shares	45.9	50.9	62.8	57.0	31.6	48.1	58.4	77.8	86.8
Dividend per share (Rs)	15.0	45.0	45.0	50.0	40.0	45.0	47.0	60.0	70.0
Balance sheet									
Total equity	218,131	248,650	268,857	279,245	266,694	273,615	283,736	299,562	314,509
Total borrowings	24,282	16,618	15,817	15,782	15,310	4,714	4,714	4,714	4,714
Minority interest	3,933	3,795	4,954	4,702	4,774	4,302	4,317	4,332	4,347
Current liabilities	83,303	84,573	112,036	114,999	108,533	117,960	113,793	117,620	121,914
Other liabilities (incl suspense account)	43,886	43,144	47,043	43,544	36,180	42,075	42,075	42,075	42,075
Total liabilities and equity	373,535	396,780	448,707	458,272	431,491	442,666	448,635	468,304	487,560
Cash	31,483	28,352	39,745	42,547	47,355	45,422	43,054	52,465	58,927
Other current assets	200,277	224,226	204,821	201,791	186,904	191,370	200,671	212,667	226,122
Fixed assets	89,221	91,368	149,488	150,512	139,649	139,681	138,146	134,811	132,356
Investments (incl treasury shares)	2,360	5,757	4,479	6,049	5,296	3,233	3,233	3,233	3,233
Other assets	50,194	47,077	50,175	57,373	52,287	62,960	63,530	65,128	66,921
Total assets	373,535	396,780	448,707	458,272	431,491	442,666	448,635	468,304	487,560
Cash flows									
Operating CF, excl. working capital	44,999	58,260	58,356	70,676	49,728	59,641	66,240	83,775	92,154
Working capital changes	(5,218)	15,635	(14,343)	(18,451)	12,987	(2,662)	(14,038)	(9,766)	(10,955)
Capital expenditure	(8,293)	(5,725)	(8,353)	(9,692)	(7,377)	(4,829)	(14,327)	(15,721)	(17,823)
Acquisitions	(4,678)	(11,340)	(45,888)	(10,672)	(7,488)	(1,620)	—	—	—
Other income	8,189	7,871	8,808	1,323	2,615	1,910	6,246	7,560	8,424
Free cash flow	34,999	64,701	(1,420)	33,185	50,465	52,440	44,120	65,848	71,800
Ratios (%)									
EBITDA margin	15.5	18.1	18.0	15.1	9.5	13.2	15.7	18.2	18.3
EBIT margin	11.6	14.2	14.6	11.4	6.1	9.7	12.4	15.0	15.2
Debt/equity	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
RoAE	20.2	19.2	21.5	18.5	10.3	15.8	18.6	23.7	25.2
Key assumptions									
Revenues (US\$ mn)	5,182	5,111	5,999	6,607	6,277	6,264	6,377	6,832	7,335
IT services (US\$ mn)	4,702	4,597	5,265	5,716	5,346	5,257	5,367	5,729	6,163
BPO (US\$ mn)	480	514	734	891	931	1,007	1,011	1,103	1,172
Revenue growth (US\$ terms) (%)	4.3	(1.4)	17.4	10.1	(5.0)	(0.2)	1.8	7.1	7.4
IT services revenue growth (US\$, %)	2.9	(2.2)	14.5	8.6	(6.5)	(1.7)	2.1	6.7	7.6
BPO revenue growth (US\$, %)	19.0	7.2	42.6	21.5	4.5	8.1	0.4	9.2	6.3
INR/USD rate	71.1	74.1	74.4	80.7	82.8	84.6	86.0	88.0	90.0

Source: Company, Kotak Institutional Equities estimates