

TECH mahindra

STOCK UPDATE

Result Update - Q3FY2026

SECTOR

IT & ITES

COMPANY DETAILS

Market cap:	Rs. 1,63,662 cr
52-week high/low:	Rs. 1736.4/1209.4
NSE volume:	17.0 lakh (No of shares)
BSE code:	532755
NSE code:	TECHM
Free float:	63.7 cr (No of shares)

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	35.0
FII	20.6
DII	34.6
Others	9.8

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	5.8	15.4	7.9	0.6
Relative to Sensex	6.9	15.9	5.6	-8.5

Source: Mirae Asset Sharekhan Research, Bloomberg

Tech Mahindra Ltd

Robust deal wins, Sustained margin expansion, Upbeat outlook

Reco/View: **BUY**

CMP: **Rs. 1,671**

Price Target: **Rs. 2,000**

Quick Snapshot

- Revenue grew 1.5% q-o-q (2.7% y-o-y) to \$1,610 million; CC revenue grew 1.7% q-o-q (+1.3% y-o-y), on a 1% growth in service revenues (net of furloughs) and remaining contributed from large deal execution in European auto segment
- Communications vertical is turning around, anchored by a \$500M European telecom deal. Manufacturing vertical's growth is stable, while Hi-Tech sees mixed trends. Overall, the communication segment would be a primary growth driver by FY27 if current momentum persists.
- Execution is strong, with a 15% EBIT margin appearing achievable for FY27. Robust deal wins, rising margins and conversion of deal wins into tangible revenue, signal a multi-year turnaround, with management hoping to beat peer growth rates.
- We roll forward our valuation to Dec'27 and apply a P/E of 21.0x. Accordingly, we raise our PT to Rs. 2,000 while maintaining a Buy rating.

Result overview

- Q3 scorecard:** Revenue stood at Rs. 14,393 crore, up 2.8% q-o-q (up 8.3% y-o-y). EBIT stood at Rs. 1,892 crore, up 11.3% q-o-q (40.1% y-o-y). EBIT margins stood at 13.1% (up 100 bps q-o-q /298 bps y-o-y), on an improvement in fixed-price productivity program and volume growth. Adjusted PAT stood at Rs. 1,394 crore, up 16.7% q-o-q (41.8% y-o-y). Exceptional item of Rs. 272 crore drove a PAT of Rs. 1,122 crores. Other income stood at a loss of \$2.4 million, due to forex losses, while the effective tax rate is 25.7%, below while normalized ETR stays close to 27.0%.
- Deal wins:** TCV stood \$1,096 million, up 47.1% y-o-y (+34.3% q-o-q). LTM TCV stood at \$ 3,519 million, up 11.1% q-o-q (+47.7% y-o-y). Tech Mahindra announced one of its largest-ever deal wins, securing a multi-year contract valued at over \$500 million spanning five years. Partnership centers on comprehensive application modernization across CIO and CTO domains, aiming to drive innovation, bolster digital resilience, and deliver AI-powered operational efficiencies. This major telecom deal win reinforces the company's leadership in the vertical.

Our Call

Earnings are poised to grow strongly, driven by record deal wins (Q3 TCV at 5-year high of \$1.1 billion), sustained margin expansion (ninth consecutive quarter of improvement, targeting 15% EBIT by FY27), and strong growth outlook. Management reiterated confidence in outperforming peers, guiding for 4-5% y-o-y organic CC revenue growth in FY27, owing to AI-led deals, scaled strategic accounts and improving demand in US/Europe. Key verticals show positive momentum: Communications turning positive, manufacturing resilient, and retail/logistics delivering healthy sequential gains. We raise our PT to Rs. 2,000 and maintain a Buy rating.

Key Risks

Slowdown in AI adoption, rupee appreciation and global macroeconomic uncertainties.

Valuation

Particulars	FY25	FY26E	FY27E	FY28E	Rs cr
Total Revenue	52,988.3	56,114.4	60,267.1	63,971.3	
EBITDA margin %	13.2	15.7	17.8	18.6	
Adjusted Net Profit	4,339.3	5,119.7	6,821.6	7,644.4	
% YoY growth	54.1	9.4	33.2	12.1	
EPS (Rs)	49.3	58.2	77.5	86.9	
PER (x)	28.8	29.4	22.1	19.7	
P/BV (x)	4.5	5.0	4.5	4.0	
EV/EBITDA	18.6	17.6	14.1	12.3	
ROE %	16.1	17.9	21.6	21.7	
ROCE %	18.4	21.4	25.7	26.1	

Source: Company; Mirae Asset Sharekhan estimates

Note: CMP as on Jan 16, 2026

Concall Highlights:

- **Margin Expansion Outlook:** Stronger gross margins are mainly fuelling profitability, through sustained Project Fortius initiatives, including optimization of SG&A spends, portfolio company consolidation, and cost-efficiency measures. Management expects gross margins to stay strong, with SG&A optimisation benefits continuing on a more moderate, relative basis.
- **Regional updates:** Americas and Europe posted strong sequential and y-o-y growth partially offset by weakness in RoW. Americas recorded modest growth of 2.1% y-o-y, while Europe delivered a strong 11.2% y-o-y growth, primarily driven by large deal ramp-up in European auto. RoW revenues declined 4.0% y-o-y, largely attributable to seasonal furloughs and annual productivity adjustments. However, the company's priority markets within RoW primarily ANZ, Japan, Singapore, and Indonesia posted robust growth of 12.9% y-o-y, reflecting the continued strategic emphasis on high-potential geographies expected to contribute meaningfully to future revenue as the portfolio mix evolves.
- **Vertical updates:** Sequentially, all verticals grew q-o-q except BFSI, which declined due to seasonal furloughs and the pass-through of annual productivity gains on a large RoW infrastructure contract. BFSI is expected to stabilize in coming quarters as seasonal effects normalize. Strong sequential traction was seen in the US aerospace segment and Industrial segments, while Europe benefited from the ramp-up of a large automotive deal. US automotive segment remains cautious but is anticipated to improve over the medium term. High-Tech declined 4.6% YoY but showed positive q-o-q momentum, led by engineering services in semiconductors; the vertical is likely to remain volatile amid ongoing client cost discipline. Retail, Travel & logistics segment delivered a robust 11.7% y-o-y growth, supported by strong logistics demand and elevated retail BPS seasonality. Communications grew 4.7% YoY and is well-positioned as a key growth driver for FY27, with Europe shifting from stability to a growth phase backed by a major deal win.
- **Other Details:** Headcount fell to 149,616 (down 3,098 employees), primarily as a result of the company's ongoing transformation program focused on fixed-price projects and not due to broad cost-cutting initiatives. The company has significantly improved productivity in fixed-price contracts through new software infrastructure and better talent visibility. This productivity improvement freed up existing employees from these projects. Instead of hiring fresh talent, the company is redeploying these employees to growing/new projects.

Q3FY26 Result Snapshot:

Particulars	Q3FY26	Q3FY25	Q2FY26	YoY (%)	Rs cr QoQ (%)
Revenues In USD (Mn)	1,610	1,568	1,586	2.7	1.5
Revenues In INR	14,393	13,286	13,995	8.3	2.8
Cost of Services	10,028	9,456	9,916	6.0	1.1
Gross Profit	4,366	3,830	4,079	14.0	7.0
SG&A	2,000	2,021	1,911	-1.0	4.7
EBITDA	2,366	1,809	2,168	30.8	9.1
Depreciation	474	459	469	3.2	1.1
EBIT	1,892	1,350	1,699	40.1	11.3
Other Income	-22	17	40	-231.5	-154.3
Finance Costs	94	76	77	23.3	21.2
PBT	1,777	1,291	1,662	37.6	6.9
Tax	387	309	458	25.2	-15.5
Share in (Profit) or loss of associates	1	7	-3	-86.4	-132.1
Minority Interest	-3	6	7	-160.7	-147.2
Exceptional Item	272	0	0	NA	NA
PAT	1,122	983	1,195	14.1	-6.1
Adjusted PAT	1,394	983	1,195	41.8	16.7
Margin (%)					
EBITDA Margin	16.4	13.6	15.5	282	94
EBIT Margin	13.1	10.2	12.1	298	100
PBT Margin	12.3	9.7	11.9	263	47
PAT Margin	9.7	7.4	8.5	229	115

Source: Company; Mirae Asset Sharekhan Research
Regional Mix (%)

Particulars	Q3FY26	Q3FY25	Q2FY26	YoY (%)	QoQ (%)
America	50.6	50.8	49.8	-20	80
Europe	25.6	23.6	25.4	200	20
RoW	23.9	25.6	24.8	-170	-90
Regional (USD Mn)	Q3FY26	Q3FY25	Q2FY26	YoY (%)	QoQ (%)
America	814.7	796.3	789.8	2.3	3.1
Europe	412.2	369.9	402.8	11.4	2.3
RoW	384.8	401.3	393.3	-4.1	-2.2

Source: Company; Mirae Asset Sharekhan Research

Vertical Mix (%)

Particulars	Q3FY26	Q3FY25	Q2FY26	YoY (bps)	QoQ (bps)
CME	33.1	32.5	32.7	60	40
Manufacturing	18.3	16.8	18.1	150	20
Technology	13.2	14.3	13.1	-110	10
BFSI	15.5	16.1	16.8	-60	-130
Retail, transpost and logistics	8.7	8.1	8.5	60	20
Healthcare & lifescience	7.4	7.7	7.3	-30	10
Others	3.7	4.5	3.5	-80	20
Vertical (USD Mn)	Q3FY26	Q3FY25	Q2FY26	YoY (%)	QoQ (%)
CME	532.9	509.4	518.6	4.6	2.8
Manufacturing	294.6	263.3	287.1	11.9	2.6
Technology	212.5	224.2	207.8	-5.2	2.3
BFSI	249.6	252.4	266.4	-1.1	-6.3
Retail, transpost and logistics	140.1	127.0	134.8	10.3	3.9
Healthcare & lifescience	119.1	120.7	115.8	-1.3	2.9
Others	59.6	70.5	55.5	-15.5	7.3

Source: Company; Mirae Asset Sharekhan Research
Client Concentration

Particulars	Q3FY26	Q3FY25	Q2FY26	YoY (bps)	QoQ (bps)
Top 5	15.2	15.0	15.6	20	-40
Top 10	24.3	24.2	24.3	10	0
Top 20	37.7	38.0	37.1	-30	60

Source: Company; Mirae Asset Sharekhan Research
Additional Data
Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Mahindra & Mahindra Ltd	25.32
2	LIC	11.04
3	SBI Funds Management Ltd	4.66
4	Vanguard Group	2.79
5	ICICI Prudential AMC	2.47
6	Blackrock Inc	2.38
7	Kotak Mahindra AMC	2.18
8	Aditya Birla Sun Life AMC	1.79
9	UTI AMC	1.39
10	NPS Trust a/c UTI retirement solutions Ltd	1.33

Source: Bloomberg
Key management personnel

Name	Designation
Rohit Anand	CFO
Mohit Joshi	CEO & MD

Source: Company Website

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