

January 31, 2023

Tech Mahindra

Current Price: ₹ 1036.15

STOCK DATA

BSE Code	532755.00
NSE Symbol	TECHM
Reuters	TEML.BO
Bloomberg	TECHM IN

VALUE PARAMETERS

52 W H/L(Rs)	1574.80/944.10
Mkt. Cap.(Rs Cr)	100905.39
Latest Equity(Subscribed)	486.92
Latest Reserve (cons.)	26347.40
Latest EPS (cons.) -Unit Curr.	53.59
Latest P/E Ratio -consLatest	19.33
Bookvalue(cons.) -Unit Curr.	
Latest P/BV - cons	3.76
Dividend Yield -%	4.33
Face Value	5.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/12/2022
Foreign	28.97
Institutions	23.94
Govt Holding	0.17
Non Promoter Corp. Hold.	0.54
Promoters	35.19
Public & Others	11.19

Consolidated Financial Results

	Qtr Ended	Qtr Ended	VAR	Qtr Ended	In Cr.
	Dec. 22	Sept. 22	%	Dec. 21	VAR %
Sales	13734.60	13129.50	5	11450.80	20
OPM (%)	15.54	14.81	-	17.98	-
OP	2135.00	1944.40	10	2059.30	4
Other income	247.20	290.20	-15	223.10	11
PBIDT	2382.20	2234.60	7	2282.40	4
Interest	112.90	79.00	43	33.90	233
PBDT	2269.30	2155.60	5	2248.50	1
Depreciation	498.10	491.70	1	362.10	38
PBT	1771.20	1663.90	6	1886.40	-6
Tax	485.90	364.70	33	508.20	-4
PAT	1285.30	1299.20	-1	1378.20	-7
Minority interest	-11.30	13.80	-182	9.70	-216
Net profit	1296.60	1285.40	1	1368.50	-5
EPS (Rs)	14.74	14.62	-	15.62	-

Tech Mahindra Q3FY23, Profit falls 7% YoY despite rise in revenue; below estimates

On Consolidated Basis

Quarter ended December 2022 compared with Quarter ended September 2022

Net sales (including other operating income) of Tech Mahindra has increased 4.61% to Rs 13734.6 crore. Operating profit margin has jumped from 14.81% to 15.54%, leading to 9.40% rise in operating profit to Rs 2,135.00 crore. Employee cost decreased from 52.52% to 51.36%. Other expenses rose from 32.56% to 33.03%. Software technology development services cost fell from 15.42% to 14.37%.

Other income fell 14.82% to Rs 247.2 crore. PBIDT rose 6.28% to Rs 2382.20 crore. Provision for interest rose 42.91% to Rs 112.9 crore.

PBDT rose 4.95% to Rs 2269.30 crore. Provision for depreciation rose 1.30% to Rs 498.1 crore.

Profit before tax grew 6.01% to Rs 1,771.20 crore. Provision for tax expense of Rs 485.9 crore, compared to Rs 364.7 crore. Effective tax rate was 27.43% compared to 21.92%. Net profit attributable to owners of the company increased 0.87% to Rs 1,296.60 crore.

Quarter ended December 2022 compared with Quarter ended December 2021.

Net sales (including other operating income) of Tech Mahindra has increased 19.94% to Rs 13734.6 crore. Sales of BPO segment has gone up 33.45% to Rs 1,934.70 crore (accounting for 14.09% of total sales). Sales of IT segment has gone up 17.99% to Rs 11,799.90 crore (accounting for 85.91% of total sales). Profit before interest, tax and other unallocable items (PBIT) has jumped 4.08% to Rs 2,144.00 crore. PBIT of BPO segment rose 23.38% to Rs

372.60 crore (accounting for 17.38% of total PBIT). PBIT of IT segment rose 0.76% to Rs 1,771.40 crore (accounting for 82.62% of total PBIT).

PBIT margin of BPO segment fell from 20.83% to 19.26%. PBIT margin of IT segment fell from 17.58% to 15.01%. Overall PBIT margin fell from 17.99% to 15.61%. Operating profit margin has declined from 17.99% to 15.61%, leading to 4.08% rise in operating profit to Rs 2,144.00 crore. Employee cost increased from 49.43% to 51.36%. Other expenses rose from 32.58% to 33.03%. Software technology development services cost fell from 16.37% to 14.37%. Other income rose 10.80% to Rs 247.2 crore. PBIDT rose 4.73% to Rs 2391.2 crore. Provision for interest rose 233.04% to Rs 112.9 crore. PBDT rose 1.29% to Rs 2278.3 crore. Provision for depreciation rose 37.56% to Rs 498.1 crore.

Profit before tax down 5.66% to Rs 1,780.20 crore. Share of profit/loss was 1,185.71% lower at Rs -9 crore. Provision for tax was expense of Rs 485.9 crore, compared to Rs 508.2 crore. Effective tax rate was 27.43% compared to 26.94%. Net profit attributable to owners of the company decreased 5.25% to Rs 1,296.60 crore.

The IT firm secured net new deals worth \$795 million in Q3 FY23 as against \$716 million in Q2 FY23 and \$704 million in Q3 Fy22.

Total headcount was at 157,068 down 4.2% QoQ. The last twelve month (LTM) IT attrition rate reduced to 17% in Q3 FY23 from 20% in Q2 FY23 and 24% in Q3 FY22.

Management commentary:

Commenting on the performance Mr C P Gurnani, Managing Director & Chief Executive Officer, Tech Mahindra, said "We are witnessing moderation in growth given the tough macro-economic environment. We will continue to work with our customers to pre-empt their technological requirements and identify new demand drivers, especially for digital services."

Rahit Anand, Chief Financial Officer said "Our numbers reflect resilience as we continue to work on the expansion of operating margin. I am confident that our strategy of client centricity & agility combined with delivery led transformation will help us create value for our customers and stakeholders alike."



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