kotak Securities

Dated: 19 Jan 2026

Tech Mahindra (TECHM) - BUY

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.1671	**Rs.2000**

Rationale:

- Ticks all the right boxes— BUY.
- Tech reported a strong all-round quarter, with a material beat on revenues & margins & multi-year high new TCV, including a mega deal.
- The company remains firmly on track to achieve its FY27 goals of 15% EBIT & revenue growth ahead of the large-cap average.
- We expect TM to be the fastest-growing among large players from FY28.
- This should reinforce investor confidence in management’s execution and support valuation convergence with Tier-1 peers, with the potential for a premium over time.
- We value TM in line with larger peers, arriving at a Fair Value of Rs2,000 (Rs1,800 earlier), based on 23x (22x earlier) Dec-2027E EPS. BUY.

Positives:

- EBIT margin expanded by 100 bps qoq and 290 bps yoy.
- New deal TCV at $110 cr for the quarter, growth of 34.3% qoq & 47.1% yoy.
- Deal wins are accelerating, setting the stage for a better FY27E.

Negatives:

- Adjusted net profit grew 34.7% yoy & 10.9% qoq, missing our estimate by 0.5%.

EBIT: Earnings Before Interest and Tax. EPS: Earnings Per Share. TCV: Total Contract Value. C/C: Constant Currency.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
RS	–	**Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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