

## Tech Mahindra

### Performance Highlights

(` cr)	4QFY17	3QFY17	% chg (QoQ)	4QFY16	% chg (YoY)
<b>Net revenue</b>	<b>7,495</b>	<b>7,558</b>	<b>(0.8)</b>	<b>6,884</b>	<b>8.9</b>
EBITDA	899	1,187	(24.3)	1,162	(22.7)
EBITDA margin (%)	12.0	15.7	(371)bps	16.9	(489)bps
<b>Adj. PAT</b>	<b>588</b>	<b>845</b>	<b>(30.4)</b>	<b>897</b>	<b>(34.5)</b>

Source: Company, Angel Research;

Tech Mahindra posted muted set of numbers for 4QFY2017. For the quarter, sales came in at US\$1,131mn v/s 1,129mn expected, registering a qoq growth of 1.3%. In Rupee terms, the sales came in at ₹7,495cr v/s ₹7,533cr expected, a qoq de-growth of 0.8%. In Constant Currency (CC) terms, the company posted a 0.9% qoq growth during the quarter. On the operating front, a 4.2% qoq rise in the cost of revenues resulted in the EBDITA and EBIT margins coming at 12.0% and 8.2% v/s 15.5% and 12.2% expected respectively, qoq dip of 371 bps and 421 bps. Thus, the Adj. net profit came in at ₹588cr v/s ₹741cr expected, qoq dip of 30.4%. **We maintain our Buy rating on the stock.**

**Result highlights:** For the quarter, sales came in at US\$1,131mn v/s 1,129mn expected, registering a qoq growth of 1.3%. In Constant Currency (CC) terms, the company posted a 0.9% qoq growth during the quarter. In terms of geography, USA was a major dampener; it constituted 45.1% of sales v/s 46.7% of sales in 3QFY2016; while ROW was the key driver, constituting 25.3% of sales v/s 23.9% of sales in 3QFY2016. On the operating front, a 4.2% qoq rise in the cost of revenues, resulted in the EBDITA and EBIT margins coming at 12.0% and 8.2% v/s 15.5% and 12.2% expected respectively, qoq dip of 371 bps and 421 bps. Thus, the Adj. net profit came in at ₹588cr v/s ₹741cr expected qoq dip of 30.4%.

**Outlook and valuation:** We expect a CAGR of 8.0% and 7.2% in USD and INR revenue respectively over FY2017-19E. The PAT is expected to grow at a CAGR of 8.6% over FY2017-19E. **We maintain our Buy rating on the stock with a Target Price of `533.**

### Key financials (Consolidated, Indian GAAP)

Y/E March (` cr)	FY2016	FY2017	FY2018E	FY2019E
<b>Net sales</b>	<b>26,494</b>	<b>29,141</b>	<b>31,015</b>	<b>33,496</b>
% chg	17.1	10.0	6.4	8.0
<b>Net profit</b>	<b>3,118</b>	<b>2,813</b>	<b>3,102</b>	<b>3,315</b>
% chg	18.7	(9.8)	10.3	6.9
EBITDA margin (%)	16.3	14.4	15.0	15.0
<b>EPS (`)</b>	<b>35.8</b>	<b>32.3</b>	<b>35.6</b>	<b>38.1</b>
P/E (x)	10.8	12.0	10.9	10.2
P/BV (x)	2.3	2.1	1.9	1.7
RoE (%)	21.4	17.1	17.0	16.3
RoCE (%)	20.1	15.6	16.1	15.9
EV/Sales (x)	1.3	1.2	1.1	1.0
EV/EBITDA (x)	8.1	8.6	7.6	7.0

Source: Company, Angel Research; Note: CMP as of May 30, 2017

## BUY

CMP	₹388
Target Price	₹533

Investment Period	12 Months
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### Stock Info

Sector	IT
Market Cap (₹ cr)	37,809
Net Debt (₹ cr)	(4395)
Beta	1.1
52 Week High / Low	564/358
Avg. Daily Volume	2,12,936
Face Value (₹)	5
BSE Sensex	31,159
Nifty	9,625
Reuters Code	TEML.BO
Bloomberg Code	TECHM@IN

### Shareholding Pattern (%)

Promoters	36.2
MF / Banks / Indian Fls	15.5
FII / NRIs / OCBs	37.7
Indian Public / Others	10.6

Abs.(%)	3m	1yr	3yr
Sensex	8.4	16.6	28.7
Tech Mahindra	(22.4)	(28.7)	(19.0)

### 3-year price chart



Source: Company, Angel Research

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**Exhibit 1: 4QFY2017 performance (Consolidated, Indian GAAP)**

(₹ cr)	4QFY17	3QFY17	% chg (qoq)	4QFY16	% chg (yoy)	FY17	FY16	% chg (yoy)
<b>Net revenue</b>	<b>7,558</b>	<b>7,167</b>	<b>5.4</b>	<b>6,701</b>	<b>12.8</b>	<b>21,646</b>	<b>19,611</b>	<b>10.4</b>
Cost of revenue	5,235	4,972	5.3	4,607	13.6	14,103	13,058	8.0
Gross profit	2,322	2,196	5.8	2,094	10.9	7,543	6,553	15.1
SG&A expense	1,136	1,126	0.9	959	18.4	4,258	3,433	24.0
<b>EBITDA</b>	<b>1,187</b>	<b>1,070</b>	<b>10.9</b>	<b>1,135</b>	<b>4.5</b>	<b>3,286</b>	<b>3,120</b>	<b>5.3</b>
Dep. and amortization	248	245	1.3	174	42.5	695	542	28.2
EBIT	939	825	13.7	962	(2.4)	2,591	2,579	0.5
Interest	35	35	1.2	24	99.3	97	63	53.7
Other income	155	139	11.9	64	59.0	540	284	90.0
PBT	1,059	930	13.9	1,002	5.7	3,034	2,800	8.4
Income taxes	214	286	(25.1)	233	12.4	747	638	17.1
<b>PAT</b>	<b>845</b>	<b>644</b>	<b>31.2</b>	<b>769</b>	<b>9.8</b>	<b>2,287</b>	<b>2,162</b>	<b>5.8</b>
Minority interest	0	(0)	-	10	(98.5)	-	1	
<b>PAT after minority interest</b>	<b>845</b>	<b>644</b>	<b>31.2</b>	<b>759</b>	<b>11.2</b>	<b>2,285</b>	<b>2,162</b>	<b>5.7</b>
Profit from associates	-	-	-	-	-	-	-	
Exceptional item	-	-	-	-	-	-	-	
<b>Reported PAT</b>	<b>845</b>	<b>644</b>	<b>31.2</b>	<b>759</b>	<b>11.2</b>	<b>2,285</b>	<b>2,162</b>	<b>5.7</b>
<b>Adj. PAT</b>	<b>845</b>	<b>645</b>	<b>31.0</b>	<b>759</b>	<b>11.2</b>	<b>2,285</b>	<b>2,162</b>	<b>5.7</b>
<b>Diluted EPS</b>	<b>8.8</b>	<b>6.7</b>	<b>31.0</b>	<b>7.9</b>	<b>11.2</b>	<b>23.8</b>	<b>22.5</b>	<b>5.7</b>
Gross margin (%)	30.7	30.6	9bp	31.2	(52)bps	34.8	33.4	143bp
EBITDA margin (%)	15.7	14.9	77bp	16.9	(124)bps	15.2	15.9	(73)bp
EBIT margin (%)	12.4	11.5	90bp	14.4	(194)bps	12.0	13.1	(118)bp
PAT margin (%)	11.3	9.0	233bps	11.3	0bps	10.6	11.0	(47)bp

Source: Company, Angel Research

**Exhibit 2: 4QFY2017 – Actual Vs Angel estimates**

(₹ cr)	Actual	Estimate	% Var
<b>Net revenue</b>	<b>7,495</b>	<b>7,533</b>	<b>(0.5)</b>
EBITDA margin (%)	12.0	15.5	350bps
<b>PAT</b>	<b>588</b>	<b>741</b>	<b>(20.6)</b>

Source: Company, Angel Research

**Revenue growth led by ROW**

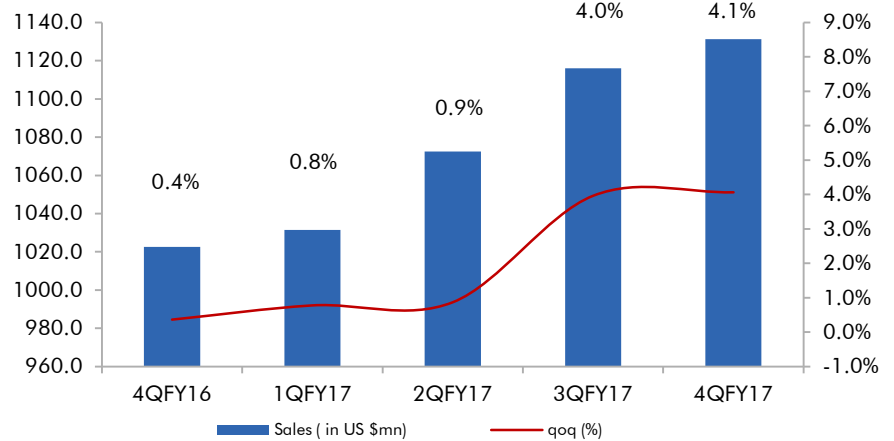
For the quarter, sales came in at US\$1,131mn v/s 1,129mn expected, registering a qoq growth of 1.3%. In Rupee terms, the sales came in at ₹7,495cr v/s ₹7,533cr expected, a qoq de-growth of 0.8%. In Constant Currency (CC) terms, the company posted a 0.9% qoq growth during the quarter.

In terms of geography, USA was a major dampener, it constituted 45.1% of sales v/s 46.7% of sales in 3QFY2016 posting a qoq growth of 2.1%; while ROW was the key driver constituting 25.3% of sales v/s 23.9% of sales in 3QFY2016, posting a qoq growth of 7.3%. Europe, on the other hand posted a qoq growth of 2.1%.

In terms of the industries, the manufacturing came in at 19.2% of sales v/s 18.4% of sales in 3QFY2016, posting a qoq growth of 5.8%. BFSI was the main driver, which lead the segment to contribute around 14.1% of sales v/s 13.1% of sales in 3QFY2016, posting a qoq growth of 9.9%. The key domain i.e. Retail, Transport & Logistics, posted a qoq de-growth of 13.3%. Also, Technology, Media & Entertainment, posted a qoq de-growth of 1.8%.

Revenue growth during the quarter was a function of strength in the core Telecom business, planned cut-down of the Network business and unexpected deferral of VAS products.

### Exhibit 3: Trend in revenue growth



Source: Company, Angel Research

### Exhibit 4: Growth in industry segments

Particulars	% to revenue	% growth (QoQ)	% growth (YoY)
Telecom	46.0	0.5	0.6
Manufacturing	19.2	5.8	24.2
TME	6.2	(1.8)	(8.6)
BFSI	14.1	9.1	47.1
RTL	6.5	(13.3)	16.0
Others	7.7	9.9	10.6

Source: Company, Angel Research

In terms of geographies, ROW posted a growth of 7.3% qoq, while Europe and US posted a growth of 2.1% and (2.1)% qoq respectively.

### Exhibit 5: Growth trend in geographies

Particulars	% to revenue	% growth (QoQ)	% growth (YoY)
Americas	45.1	(2.1)	6.6
Europe	29.6	2.1	14.9
RoW	25.3	7.3	13.3

Source: Company, Angel Research

## Hiring and client metrics

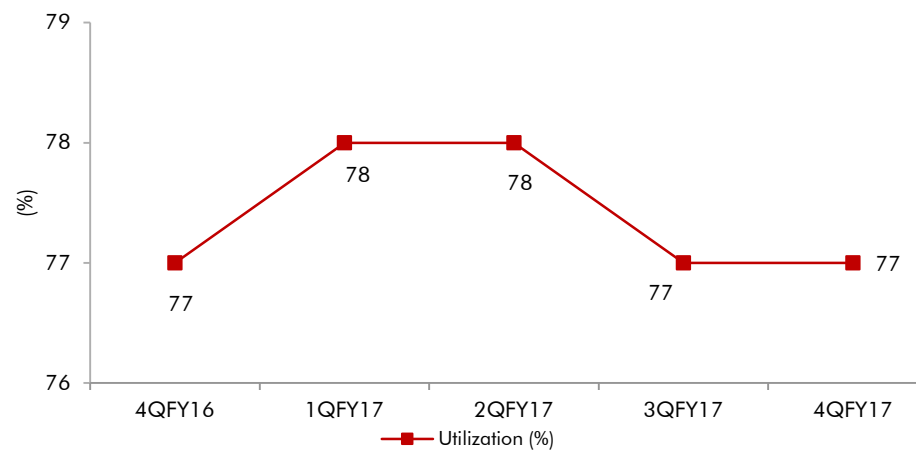
During the quarter, the company reported a net addition of 598 employees, taking its overall headcount to 117,693. The BPO headcount currently stands at 28,414 and was the only division to witness additions. Attrition (on LTM basis) was at 17%.

### Exhibit 6: Employee metrics

Particulars	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17
Software professionals	72,125	73,590	78,404	80,858	82,403
BPO professionals	27,254	27,326	27,669	29,372	28,414
Sales & support	6,053	6,300	6,813	6,865	6,876
Total employees	105,432	107,216	112,886	117,095	117,693
Attritions (%)	21	21	19	18	17

Source: Company, Angel Research

### Exhibit 7: Trend in utilization rate



Source: Company, Angel Research

The company added 6 new clients during the quarter, taking the active client base to 843 (v/s 837 in 3QFY2017), with 8 clients added in US\$10mn-20mn+ bracket and other additions mainly in the US\$5mn-10mn+ bracket.

### Exhibit 8: Client metrics

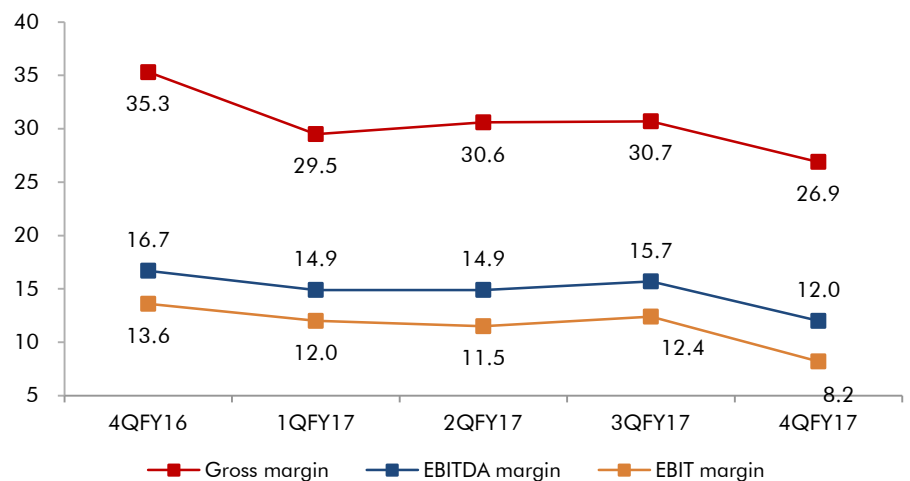
Particulars	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17
<b>Total active clients</b>	<b>801</b>	<b>807</b>	<b>818</b>	<b>837</b>	<b>843</b>
US\$1mn–5mn	221	207	197	228	220
US\$5mn–10mn	42	49	56	63	63
US\$10mn–20mn	26	23	22	27	35
US\$20mn–50mn	23	26	28	24	22
US\$50mn+	14	14	14	14	14

Source: Company, Angel Research

### Operating margin dips

On EBIT front, the company posted EBIT of 8.2% (12.2% expected) v/s 12.4% in 3QFY2017. In 4QFY2017, costs included a one-time expense associated with the restructuring in LCC, impacting margins by 200 bps. This is expected to reverse in the next quarter. The company was also hit by 150 bps on profitability because of a pricing reset in a few contracts. This is expected to revive only gradually over the coming quarters.

**Exhibit 9: Margin trend (%)**



Source: Company, Angel Research

### Investment arguments

**Growth prospects decent:** The Management is more optimistic as compared to what it was at the same time last year. It has also been optimistic about the prospects of recently acquired entities. On Margin front, the company faces the usual 1QFY2018 headwinds of visa expenses and Comviva margin contraction. Any improvement, on the back of synergies and productivity gains will only start reflecting from 2QFY2018. We expect a CAGR of 8.0% and 7.2% in USD and INR revenue respectively over FY2017-19E. On EBIT front, we expect the EBIT to be around 15.0% v/s 14.4% in FY2017.

**Inorganic growth initiatives to augment well for company:** The company has been active in the M&A space, with it having acquired Satyam a few years back, to acquiring LCC and Softgen recently. Softgen’s and LCC’s acquisition was consolidated in 4QFY2015. LCC is one of the world’s largest independent global providers of network engineering services to the telecommunications industry with an estimated annual revenues of more than US\$400mn (CY2014) (the effective run-rate for the business is pruned down to US\$200-220mn annualized), with workforce of over 5,700 network professionals across five continents and more than 50 countries. With this acquisition, Tech Mahindra will also be addressing a rapidly growing market opportunity, as telecommunications companies and enterprises accelerate their network upgrade cycle.

## Outlook and valuation

Given the recent acquisitions and healthy order pipeline, the company is expected to post a healthy US\$ and INR CAGR of 8.0% and 7.2% respectively over FY2017-19E. However, the acquisition of LCC will be margin dilutive in the near term, leading the FY2017 EBDITA margin to drop to 14.4% from 16.3% in FY2016. The company, given its success in turnaround of its earlier acquisition (Satyam), believes it would be able to do the same with the recent acquisitions and would be able to get close to achieving the 20% EBIT levels in future. Given the favorable valuation on EV/sales front, where it trades at a significant discount to its peers, we believe the stock should witness uptrend once the profitability returns to its mean average. **We maintain a Buy rating on the stock.**

### Exhibit 10: Key assumptions

	FY2018E	FY2019E
Revenue growth (US\$)	8.0	8.0
USD-INR rate (realized)	66.7	66.7
Revenue growth (₹)	6.4	8.0
EBITDA margin (%)	15.0	15.0
Tax rate (%)	26.0	26.0
EPS growth (%)	10.3	6.9

Source: Company, Angel Research

### Exhibit 11: One-year forward PE (x)



Source: Company, Angel Research. Note: P/E includes profits of Mahindra Satyam from FY2012

**Exhibit 12: Recommendation summary**

Company	Reco	CMP (₹)	Tgt Price (₹)	Upside (%)	FY2019E EBITDA (%)	FY2019E P/E (x)	FY2017-19E EPS CAGR (%)	FY2019E EV/Sales (x)	FY2019E RoE (%)
HCL Tech	Buy	867	1,014	17.0	20.9	12.8	6.2	1.8	20.6
Infosys	Buy	996	1,179	18.3	26.0	14.4	5.3	2.3	19.6
TCS	Neutral	2,552	-	-	27.6	16.4	7.8	3.2	29.8
<b>Tech Mahindra</b>	<b>Buy</b>	<b>388</b>	<b>533</b>	<b>37.4</b>	<b>15.0</b>	<b>10.2</b>	<b>8.6</b>	<b>1.0</b>	<b>16.3</b>
Wipro	Accumulate	535	570	6.5	20.3	14.0	4.4	1.3	13.4

Source: Company, Angel Research.

### Company Background

Tech Mahindra was founded in 1986 as a joint venture between Mahindra Group and British Telecom (BT) to service the latter. Later on, the company started servicing other external clients as well (solely in the telecom industry). In June 2009, Tech Mahindra acquired a 42.7% stake in erstwhile Satyam Computers (now Mahindra Satyam) and now the latter is entirely merged with the company.

The company has recently acquired the companies - LCC and Softgen. These two acquisitions have been consolidated in 4QFY2015. LCC is one of the world's largest independent global providers of network engineering services to the telecommunications industry. LCC is estimated to have annual revenues of more than US\$400mn (CY2014), with workforce of over 5,700 network professionals across five continents and more than 50 countries.

**Profit and loss statement (Consolidated, Indian GAAP)**

Y/E March (₹ cr)	FY2015	FY2016	FY2017	FY2018E	FY2019E
Net sales	22,621	26,494	29,141	31,015	33,496
Cost of revenues	15,920	18,323	20,566	21,400	23,112
<b>Gross profit</b>	<b>6,701</b>	<b>8,172</b>	<b>8,575</b>	<b>9,615</b>	<b>10,384</b>
% of net sales	29.6	30.8	29.4	31.0	31.0
SG&A expenses	2,549	3,853	4,390	4,962	5,359
% of net sales	11.3	14.5	15.1	16.0	16.0
<b>EBITDA</b>	<b>4,153</b>	<b>4,318</b>	<b>4,184</b>	<b>4,652</b>	<b>5,024</b>
% of net sales	18.4	16.3	14.4	15.0	15.0
Depreciation and amortization	611	762	978	1054	1139
% of net sales	2.7	2.9	3.4	3.4	3.4
<b>EBIT</b>	<b>3,541</b>	<b>3,556</b>	<b>3,206</b>	<b>3,598</b>	<b>3,886</b>
% of net sales	15.7	13.4	11.0	11.6	11.6
Interest expense	30	96	129	129	129
Other inc., net of forex gain/(loss)	106	557	778	778	778
Profit before tax	3,618	4,017	3,855	4,247	4,535
Provision for tax	960	860	1,002	1,104	1,179
% of PBT	26.5	21.4	26.0	26.0	26.0
<b>PAT</b>	<b>2,659</b>	<b>3,157</b>	<b>2,853</b>	<b>3,143</b>	<b>3,356</b>
Exceptional item	-	-	-	-	-
Minority interest	31	44	40	40	40
<b>Reported PAT</b>	<b>2,628</b>	<b>3,118</b>	<b>2,813</b>	<b>3,102</b>	<b>3,315</b>
<b>Adjusted PAT</b>	<b>2,628</b>	<b>3,118</b>	<b>2,813</b>	<b>3,102</b>	<b>3,315</b>
<b>Fully diluted EPS (₹)</b>	<b>30.2</b>	<b>35.8</b>	<b>32.3</b>	<b>35.6</b>	<b>38.1</b>



**Balance sheet (Consolidated, Indian GAAP)**

Y/E March (₹ cr)	FY2015	FY2016	FY2017	FY2018E	FY2019E
Equity capital	480	436	439	439	439
Preference capital	-	-	-	-	-
Share premium	-	-	-	-	-
Profit and loss	11,768	14,155	15,998	17,823	19,861
Other reserves	0	0	0	-	-
<b>Net worth</b>	<b>12,249</b>	<b>14,591</b>	<b>16,438</b>	<b>18,261</b>	<b>20,300</b>
Secured loans	621	1,002	1,219	1,219	1,219
Unsecured loans	54	-	-	-	-
<b>Total debt</b>	<b>675</b>	<b>1,002</b>	<b>1,219</b>	<b>1,219</b>	<b>1,219</b>
Other long term liability	376	147	537	537	537
Long-term provisions	414	531	620	620	620
Minority interest	160	193	464	504	545
Amount pending investigation	895	1,230	1,230	1,230	1,230
<b>Total capital employed</b>	<b>14,768</b>	<b>17,695</b>	<b>20,508</b>	<b>22,372</b>	<b>24,451</b>
Gross block	7,811	7,973	11,677	12,677	13,677
Accumulated dep.	(3,477)	(4,239)	(5,217)	(6,272)	(7,410)
Net block	4,334	4,364	6,460	6,406	6,267
Capital WIP	266	629	373	373	373
<b>Total fixed assets</b>	<b>4,601</b>	<b>4,993</b>	<b>6,833</b>	<b>6,778</b>	<b>6,640</b>
Investments	2,103	1,243	2,396	4,483	6,736
Long term loans and adv.	1,306	1,895	2,435	2,696	3,117
Interest in TML benefit trust	-	-	-	-	-
Deferred tax asset, net	390	532	267	267	267
Other non-current assets	-	0	0	-	-
Inventories	24	40	61	61	61
Sundry debtors	5,206	5,770	5,338	7,980	7,981
Cash and cash equiv.	2,405	4,018	3,219	3,500	4,000
Loans and advances	3,813	4,032	5,518	2,999	3,000
Current investments	-	-	-	-	-
Unbilled revenue	-	-	-	-	-
Sundry creditors	(1,654)	(2,276)	(2,312)	(2,658)	(3,057)
Other liabilities	(1,627)	(2,200)	(2,860)	(3,289)	(3,782)
Provision	(1,799)	(355)	(387)	(445)	(512)
Working capital	6,368	9,031	8,577	8,148	7,691
<b>Total capital deployed</b>	<b>14,768</b>	<b>17,695</b>	<b>20,508</b>	<b>22,372</b>	<b>24,451</b>

**Cash flow statement (Consolidated, Indian GAAP)**

Y/E March (₹ cr)	FY2015	FY2016	FY2017	FY2018E	FY2019E
Pre tax profit from operations	2,659	3,157	2,853	3,143	3,356
Depreciation	611	762	978	1,054	1,139
Exp. (deferred)/written off/others	-	-	-	-	-
Pre tax cash from operations	3,270	3,919	3,831	4,197	4,494
Other income/prior period ad	106	557	778	778	778
Net cash from operations	3,376	4,475	4,609	4,975	5,272
Tax	(960)	(860)	(1,002)	(1,104)	(1,179)
Cash profits	2,417	3,615	3,607	3,871	4,093
(Inc)/dec in					
Sundry Debtors	(857)	(565)	433	(2,642)	(1)
Inventories	(15)	(16)	(21)	-	-
Loans and advances	(1,197)	(219)	(1,485)	2,519	(1)
Sundry creditors	105	621	36	347	399
Others	212	573	660	429	493
Net trade working capital	(1,752)	394	(377)	652	890
<b>Cashflow from operating activities</b>	<b>665</b>	<b>4,010</b>	<b>3,230</b>	<b>4,523</b>	<b>4,983</b>
(Inc)/dec in fixed assets	(1,740)	(393)	(1,840)	54	139
(Inc)/dec in investments	(2,067)	860	(1,153)	(2,087)	(2,253)
(Inc)/dec in other non current assets	16	(0)	0	0	-
<b>Cashflow from investing activities</b>	<b>(3,791)</b>	<b>467</b>	<b>(2,992)</b>	<b>(2,033)</b>	<b>(2,114)</b>
Inc/(dec) in debt	(311)	(328)	(217)	-	-
Inc/(dec) in deferred revenue	-	-	-	-	1
Inc/(dec) in equity/premium	1	-	-	0	-
Inc/(dec) in minority interest	(16)	(33)	(271)	(40)	(40)
Dividends	(611)	(1,223)	(917)	(1,278)	(1,277)
Others	1,713	(1,281)	369	(891)	(1,054)
<b>Cashflow from financing activities</b>	<b>775</b>	<b>(2,864)</b>	<b>(1,037)</b>	<b>(2,209)</b>	<b>(2,369)</b>
Cash generated/(utilised)	(2,351)	1,613	(800)	281	500
<b>Cash at start of the year</b>	<b>4,756</b>	<b>2,405</b>	<b>4,018</b>	<b>3,219</b>	<b>3,500</b>
<b>Cash at end of the year</b>	<b>2405</b>	<b>4018</b>	<b>3219</b>	<b>3500</b>	<b>4000</b>

**Key Ratios**

Y/E March	FY2015	FY2016	FY2017	FY2018E	FY2019E
<b>Valuation ratio (x)</b>					
P/E (on FDEPS)	12.9	10.8	12.0	10.9	10.2
P/CEPS	10.4	8.7	8.9	8.1	7.6
P/BVPS	2.8	2.3	2.1	1.9	1.7
Dividend yield (%)	1.3	3.1	3.1	3.1	3.4
EV/Sales	1.6	1.3	1.2	1.1	1.0
EV/EBITDA	8.7	8.1	8.6	7.6	7.0
EV/Total assets	7.8	7.0	5.2	5.2	5.3
<b>Per share data (₹)</b>					
EPS	30.2	35.8	32.3	35.6	38.1
Cash EPS	37.2	44.5	43.5	47.7	51.1
Dividend	5.0	12.0	12.0	12.0	13.0
Book value	140.6	167.5	188.7	209.6	233.0
<b>Dupont analysis</b>					
Tax retention ratio (PAT/PBT)	0.7	0.8	0.7	0.7	0.7
Cost of debt (PBT/EBIT)	1.0	1.1	1.2	1.2	1.2
EBIT margin (EBIT/Sales)	0.2	0.1	0.1	0.1	0.1
Asset turnover ratio (Sales/Assets)	4.9	5.3	4.3	4.6	5.0
Leverage ratio (Assets/Equity)	0.4	0.3	0.4	0.4	0.3
Operating ROE (%)	21.5	21.4	17.1	17.0	16.3
<b>Return ratios (%)</b>					
RoCE (pre-tax)	24.0	20.1	15.6	16.1	15.9
Angel RoIC	29.3	27.3	19.0	19.4	19.4
RoE	21.5	21.4	17.1	17.0	16.3
<b>Turnover ratios (x)</b>					
Asset turnover (fixed assets)	4.9	5.3	4.3	4.6	5.0
Receivables days	92	86	70	97	90
Payable days	29	34	30	32	35

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### Disclosure of Interest Statement

### Tech Mahindra

1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

**Ratings (Based on expected returns over 12 months investment period):**

Buy (> 15%)

Accumulate (5% to 15%)  
Reduce (-5% to -15%)

Neutral (-5 to 5%)  
Sell (< -15)