

**ADD**

TP: Rs 710 | ▲ 11%

**TECH MAHINDRA**

| IT Services

| 31 July 2019

## Miss on all counts

**Tech Mahindra (TECHM) posted a disappointing Q1FY20 as (1) revenue contracted in all verticals except ‘others’, (2) top 5/10/20 client performance flagged, (3) EBIT margins shrank 390bps QoQ, (4) attrition failed to cool off, (5) DSO rose due to high unbilled revenues, and (6) cash generation slumped. The only silver lining was that deal win traction sustained for the fourth quarter with new TCV of US\$ 475mn. We cut FY20/FY21 EPS by 11%/3% and roll over to a new Jun’20 TP of Rs 710 (vs. Rs 830) based on a reduced 13x P/E.**

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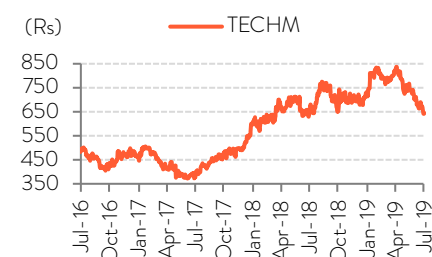
**Revenues below already modest estimates:** June quarter revenue at US\$ 1.2bn decreased 1.6% QoQ (vs. our/consensus estimates of a 0.9%/1.1% decline), as revenues from both the enterprise (-0.4% QoQ) and communication (-3.2%) businesses contracted. We highlight that the annual growth trajectory in the enterprise business was negative (-2.2% YoY) for the second quarter in a row.

|                  |                 |
|------------------|-----------------|
| Ticker/Price     | TECHM IN/Rs 640 |
| Market cap       | US\$ 8.1bn      |
| Shares o/s       | 873mn           |
| 3M ADV           | US\$ 28.7mn     |
| 52wk high/low    | Rs 847/Rs 633   |
| Promoter/FPI/DII | 36%/39%/25%     |

Source: NSE

**Anaemic operating margins:** EBIT at Rs 9.9bn fell ~15% short of estimates as EBIT margins at 11.5% shed 390bps QoQ, coming in lower than our 13.2% forecast. Besides planned wage revision, visa costs and the known adverse currency impact, factors such as lower subsidiary profitability, large deal transition costs and reduced utilisation ate into Q1 margins. Subcontracting expenses at 14.1% climbed 90bps QoQ/240bps YoY, approaching the company’s historical high of 14.5% last seen in the Jun’15 quarter.

## STOCK PERFORMANCE



Source: NSE

**Retain ADD on reasonable valuations:** We see downside risk to management’s growth outlook (read our report [US-Huawei feud casts uncertainty over 5G opportunity](#)), and hence reset our target P/E to 13x vs. 15x earlier, while cutting growth and margin assumptions. Retain ADD as the stock is trading at reasonable valuations of 12.1x FY21E PE after correcting >20% in three months.

## KEY FINANCIALS

| Y/E 31 Mar              | FY18A  | FY19A  | FY20E  | FY21E  | FY22E  |
|-------------------------|--------|--------|--------|--------|--------|
| Adj. net profit (Rs mn) | 38,001 | 42,975 | 40,882 | 46,456 | 53,065 |
| Adj. EPS (Rs)           | 42.7   | 47.7   | 46.4   | 52.8   | 60.3   |
| Adj. EPS growth (%)     | 33.6   | 11.9   | (2.7)  | 13.6   | 14.2   |
| Adj. ROAE (%)           | 21.0   | 21.4   | 18.6   | 19.0   | 19.4   |
| Adj. P/E (x)            | 15.0   | 13.4   | 13.8   | 12.1   | 10.6   |
| EV/EBITDA (x)           | 11.7   | 8.8    | 9.2    | 7.5    | 6.2    |

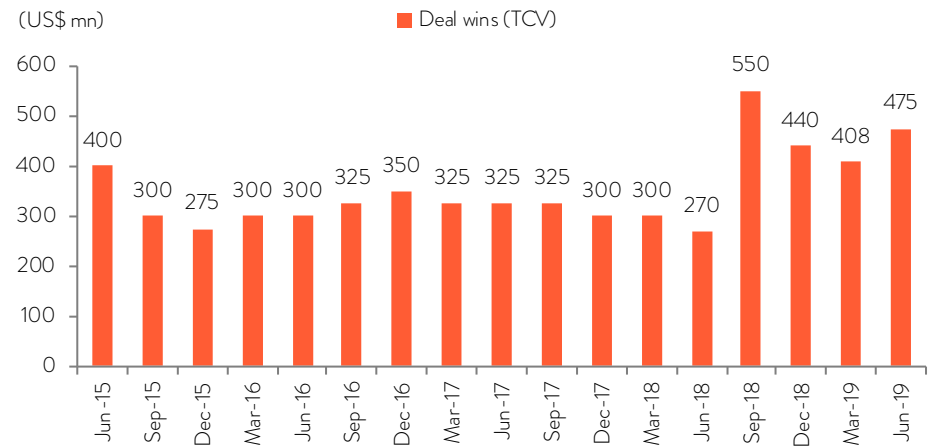
Source: Company, BOBCAPS Research

**BOB Capital Markets Ltd is a wholly owned subsidiary of Bank of Baroda**

Important disclosures, including any required research certifications, are provided at the end of this report.

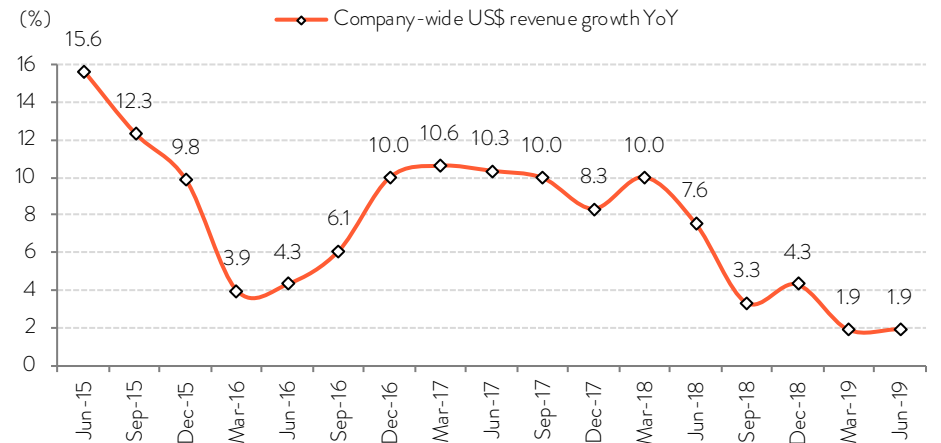


**FIG 1 – DEAL WIN MOMENTUM CONTINUES...**



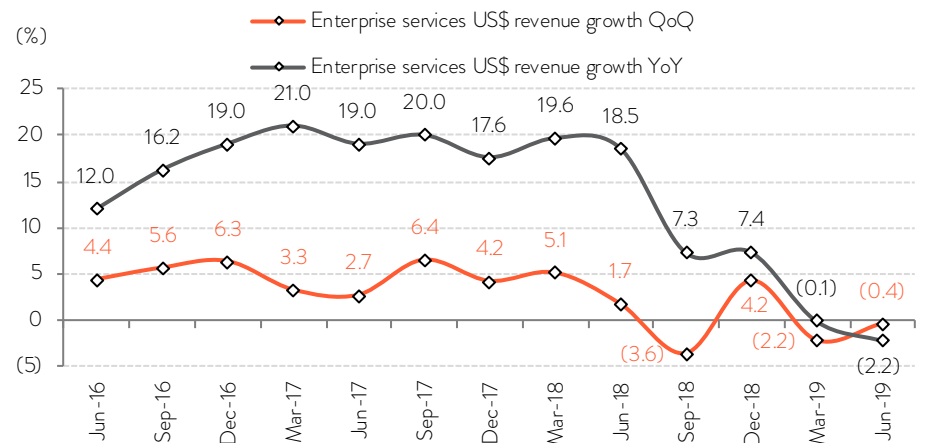
Source: Company, BOBCAPS Research

**FIG 2 – ...BUT FAILS TO REFLECT IN IMPROVED GROWTH**



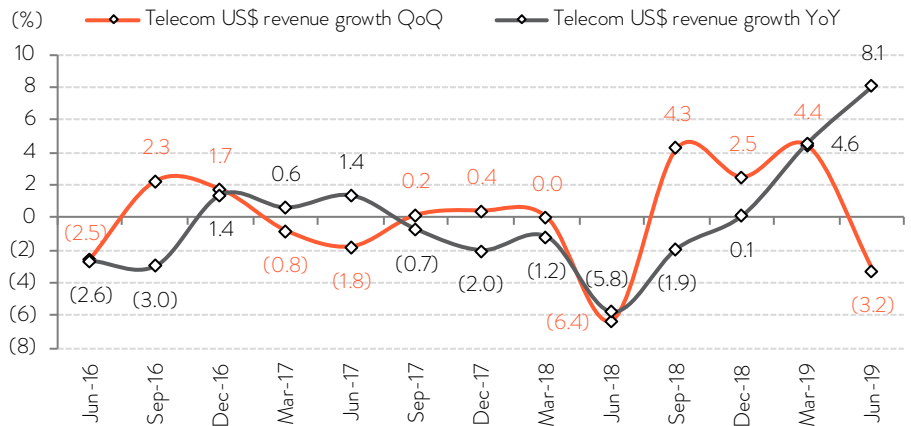
Source: Company, BOBCAPS Research

**FIG 3 – SLUGGISH PERFORMANCE IN BFSI AND AUTO DRAG DOWN ENTERPRISE BUSINESS GROWTH**



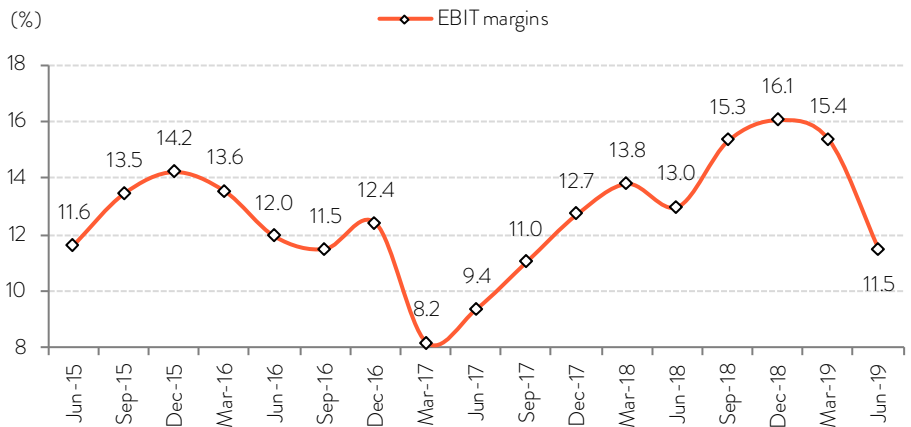
Source: Company, BOBCAPS Research

**FIG 4 – COMWIVA SEASONALITY LED TO COMMUNICATION REVENUE DECLINE**



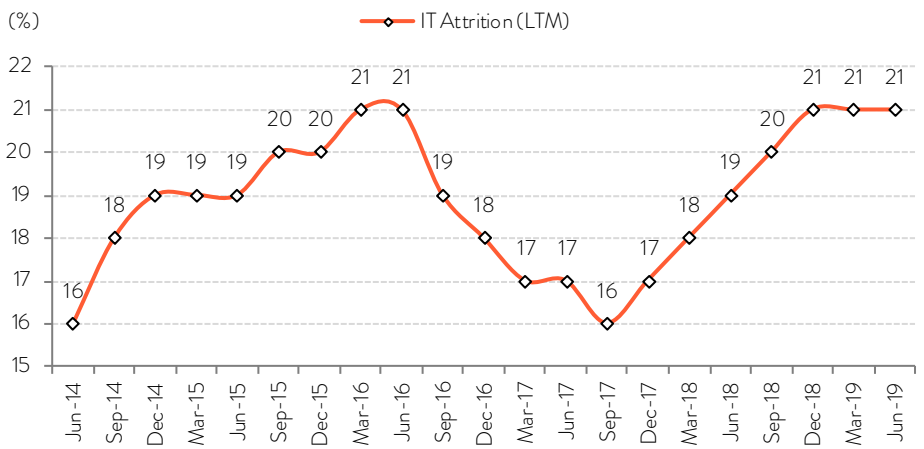
Source: Company, BOBCAPS Research

**FIG 5 – EBIT MARGINS CONTRACTED 390BPS QOQ**



Source: Company, BOBCAPS Research

**FIG 6 – ATTRITION STAYS STUBBORNLY ELEVATED**



Source: Company, BOBCAPS Research

## Results and earnings call highlights

- Management indicated that the deal pipeline was healthy with relatively higher communication projects. In addition, the company stated that a few large deals are in the final stages of negotiations and it is seeing meaningful traction in the 5G pipeline.
- TECHM expects relatively better growth in H2FY20, similar to historical trends, and has kept its FY20 revenue growth outlook intact (mid-single digit growth in the enterprise business and high single-digit growth in the communications vertical), but with a caveat of deal closure timing.
- The company will focus on operating margin recovery going ahead, though management declined to comment on FY20 margins as against its earlier target of a flat-to-better performance for the year.
- DSO (including unbilled) stood at 110days, rising 8 days QoQ and 2 days YoY. We noticed a disproportionate increase in 'unbilled revenues' as trade receivables moderated to Rs 66.9bn as at end-Jun'19 vs. Rs 69.6bn as at end-Mar'19.

**FIG 7 – JUN'19 QUARTER PERFORMANCE**

| (Rs mn)                        | Q1FY19        | Q2FY19        | Q3FY19        | Q4FY19        | Q1FY20        | YoY (%)      | QoQ (%)       |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|
| <b>Revenues (US\$ mn)</b>      | <b>1,224</b>  | <b>1,218</b>  | <b>1,261</b>  | <b>1,268</b>  | <b>1,247</b>  | <b>1.9</b>   | <b>(1.6)</b>  |
| <b>Revenue</b>                 | <b>82,763</b> | <b>86,298</b> | <b>89,437</b> | <b>88,923</b> | <b>86,530</b> | <b>4.6</b>   | <b>(2.7)</b>  |
| <b>Operating Expenditure</b>   | <b>69,194</b> | <b>70,112</b> | <b>72,211</b> | <b>72,536</b> | <b>73,389</b> | <b>6.1</b>   | <b>1.2</b>    |
| Cost of revenues               | 57,340        | 56,923        | 59,845        | 59,482        | 61,642        | 7.5          | 3.6           |
| as % of sales                  | 69.3          | 66.0          | 66.9          | 66.9          | 71.2          | -            | -             |
| SG&A expenses                  | 11,854        | 13,189        | 12,366        | 13,054        | 11,747        | (0.9)        | (10.0)        |
| as % of sales                  | 14.3          | 15.3          | 13.8          | 14.7          | 13.6          | -            | -             |
| <b>EBITDA</b>                  | <b>13,569</b> | <b>16,186</b> | <b>17,226</b> | <b>16,387</b> | <b>13,141</b> | <b>(3.2)</b> | <b>(19.8)</b> |
| Depreciation                   | 2,808         | 2,944         | 2,836         | 2,704         | 3,213         | -            | -             |
| <b>EBIT</b>                    | <b>10,761</b> | <b>13,242</b> | <b>14,390</b> | <b>13,683</b> | <b>9,928</b>  | <b>(7.7)</b> | <b>(27.4)</b> |
| Other Income                   | 690           | 1,232         | 317           | 1,117         | 2,877         | -            | -             |
| <b>PBT</b>                     | <b>11,451</b> | <b>14,474</b> | <b>14,707</b> | <b>14,800</b> | <b>12,805</b> | <b>11.8</b>  | <b>(13.5)</b> |
| Total Tax                      | 2,457         | 3,914         | 2,638         | 3,535         | 3,318         | -            | -             |
| Adjusted PAT                   | 8,994         | 10,560        | 12,069        | 11,265        | 9,487         | 5.5          | (15.8)        |
| (Profit)/loss from JV's/Ass/MI | (16)          | 84            | (39)          | 59            | 102           | -            | -             |
| <b>APAT after MI</b>           | <b>8,978</b>  | <b>10,644</b> | <b>12,030</b> | <b>11,324</b> | <b>9,589</b>  | <b>6.8</b>   | <b>(15.3)</b> |
| <b>Extraordinary items</b>     | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>-</b>     | <b>-</b>      |
| <b>Reported PAT</b>            | <b>8,978</b>  | <b>10,644</b> | <b>12,030</b> | <b>11,324</b> | <b>9,589</b>  | <b>6.8</b>   | <b>(15.3)</b> |
| <b>Reported EPS</b>            | <b>10.1</b>   | <b>11.9</b>   | <b>13.5</b>   | <b>12.6</b>   | <b>10.9</b>   | <b>8.1</b>   | <b>(13.4)</b> |
| <b>Margins (%)</b>             |               |               |               |               |               | <b>(bps)</b> | <b>(bps)</b>  |
| EBITDA                         | 16.4          | 18.8          | 19.3          | 18.4          | 15.2          | (121)        | (324)         |
| EBIT                           | 13.0          | 15.3          | 16.1          | 15.4          | 11.5          | (153)        | (391)         |
| EBT                            | 13.8          | 16.8          | 16.4          | 16.6          | 14.8          | 96           | (185)         |
| PAT                            | 10.8          | 12.3          | 13.5          | 12.7          | 11.1          | 23           | (165)         |
| Effective Tax rate             | 21.5          | 27.0          | 17.9          | 23.9          | 25.9          | 446          | 203           |

Source: Company, BOBCAPS Research

**FIG 8 – JUN'19 QUARTER OPERATING METRICS**

| (In US\$ terms)                      | Q1FY20<br>(% Contr. to Revenue) | Growth (%)    |               |
|--------------------------------------|---------------------------------|---------------|---------------|
|                                      |                                 | QoQ           | YoY           |
| <b>Revenue by Geography (%)</b>      |                                 |               |               |
| North America                        | 47.6                            | 0.9           | 0.6           |
| Europe                               | 27.6                            | (5.0)         | (6.3)         |
| Rest of the World                    | 24.8                            | (2.0)         | 15.4          |
| <b>Client Concentration</b>          |                                 |               |               |
| Top 5                                | 21.4                            | (7.7)         | (0.4)         |
| Top 10                               | 30.7                            | (5.6)         | (3.8)         |
| Top 20                               | 43.6                            | (4.9)         | (3.9)         |
| Non-Top 10 client revenues           | 69.3                            | 0.3           | 4.6           |
| <b>Revenue by Vertical</b>           |                                 |               |               |
| Telecom                              | 42.0                            | (3.2)         | 8.1           |
| Manufacturing                        | 19.4                            | (5.5)         | (1.7)         |
| Technology, Media and Entertainment  | 7.6                             | (0.3)         | 7.5           |
| BFSI                                 | 12.8                            | (3.9)         | (4.1)         |
| Retail, Transport and Logistics      | 6.2                             | (4.7)         | 3.5           |
| Others                               | 11.9                            | 14.8          | (9.5)         |
| <b>Revenue by Delivery Mode</b>      |                                 |               |               |
| Onsite                               | 65.3                            | (1.5)         | (0.1)         |
| Offshore                             | 34.7                            | (1.9)         | 5.8           |
|                                      | <b>(%)</b>                      | <b>(bps)</b>  | <b>(bps)</b>  |
| Utilisation (including trainees)     | 80                              | (200)         | (100)         |
| Attrition                            | 21                              | -             | 200           |
| Headcount (Nos.)                     | 1,25,773                        | 4,691         | 12,221        |
|                                      | <b>Q1FY20</b>                   | <b>Q4FY19</b> | <b>Q1FY19</b> |
| <b>No. of Million Dollar Clients</b> |                                 |               |               |
| ≥ US\$ 1mn clients                   | 429                             | 425           | 396           |
| ≥ US\$ 5mn clients                   | 160                             | 156           | 154           |
| ≥ US\$ 10mn clients                  | 81                              | 83            | 86            |
| ≥ US\$ 20mn clients                  | 49                              | 50            | 47            |
| ≥ US\$ 50mn clients                  | 21                              | 20            | 16            |
| DSO                                  | 110                             | 102           | 108           |

Source: Company, BOBCAPS Research

## Valuation methodology

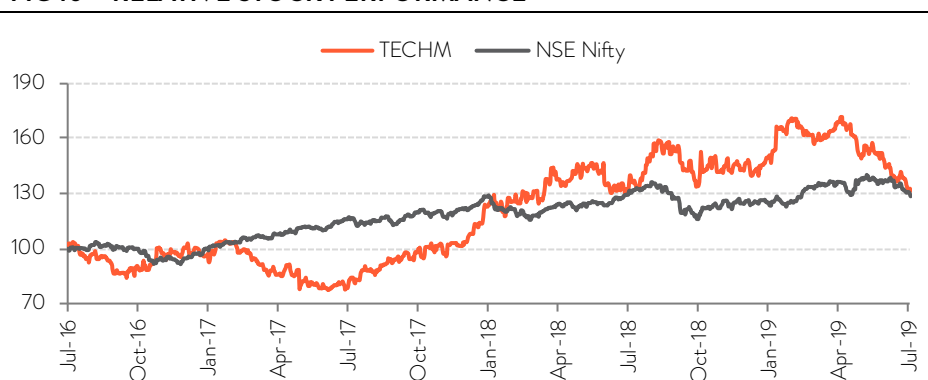
We cut FY20/FY21 EPS estimates by 11%/3% as we lower growth and operating margin assumptions in the wake of a disappointing Jun'19 quarter performance. We see downside risk to management's growth outlook (read our report [US-Huawei feud casts uncertainty over 5G opportunity](#)), and hence reset our target P/E multiple to 13x vs. 15x earlier. Rolling valuations forward, we have a revised Jun'20 target price of Rs 710 (vs. Rs 830). Retain ADD as the stock is trading at reasonable valuations of 12.1x FY21E PE after correcting >20% in the last three months.

**FIG 9 – REVISED EARNINGS**

| (Rs mn)                 | FY20E    |          |            | FY21E    |          |            | FY21E    |
|-------------------------|----------|----------|------------|----------|----------|------------|----------|
|                         | Old      | New      | Change (%) | Old      | New      | Change (%) | New      |
| US\$ Revenues (US\$ mn) | 5,314    | 5,180    | (2.5)      | 5,787    | 5,644    | (2.5)      | 6,184    |
| YoY growth (%)          | 6.9      | 4.2      |            | 8.9      | 8.9      |            | 9.6      |
| Revenues                | 3,71,981 | 3,57,925 | (3.8)      | 4,05,122 | 3,95,078 | (2.5)      | 4,32,908 |
| EBITDA (Rs mn)          | 68,775   | 59,759   | (13.1)     | 75,111   | 69,919   | (6.9)      | 80,263   |
| EBITDA margins (%)      | 18.5     | 16.7     |            | 18.5     | 17.7     |            | 18.5     |
| Net Profits             | 46,711   | 40,882   | (12.5)     | 48,834   | 46,456   | (4.9)      | 53,065   |
| EPS (Rs)                | 51.9     | 46.4     | (10.5)     | 54.2     | 52.8     | (2.7)      | 60.3     |

Source: BOBCAPS Research

**FIG 10 – RELATIVE STOCK PERFORMANCE**



Source: NSE

## Key risks

Downside risks to our estimates include:

- any renewed challenges in the enterprise vertical,
- inability to sustain growth momentum in the communication business, and
- adverse currency movement.

## FINANCIALS

### Income Statement

| Y/E 31 Mar (Rs mn)             | FY18A           | FY19A           | FY20E           | FY21E           | FY22E           |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Total revenue</b>           | <b>3,07,729</b> | <b>3,47,421</b> | <b>3,57,925</b> | <b>3,95,078</b> | <b>4,32,908</b> |
| EBITDA                         | 47,169          | 63,368          | 59,759          | 69,919          | 80,263          |
| EBIT                           | 36,320          | 52,076          | 46,504          | 55,301          | 64,245          |
| Net interest income/(expenses) | (1,624)         | (1,332)         | (1,392)         | (1,250)         | (1,550)         |
| Other income/(expenses)        | 14,093          | 5,342           | 9,912           | 8,245           | 8,472           |
| Exceptional items              | 0               | 0               | 0               | 0               | 0               |
| EBT                            | 48,789          | 55,431          | 54,706          | 62,196          | 71,067          |
| Income taxes                   | 10,925          | 12,544          | 14,002          | 15,860          | 18,122          |
| Extraordinary items            | 0               | 0               | 0               | 0               | 0               |
| Min. int./Inc. from associates | 137             | (567)           | (141)           | 20              | 20              |
| <b>Reported net profit</b>     | <b>38,001</b>   | <b>42,975</b>   | <b>40,882</b>   | <b>46,456</b>   | <b>53,065</b>   |
| Adjustments                    | 0               | 0               | 0               | 0               | 0               |
| <b>Adjusted net profit</b>     | <b>38,001</b>   | <b>42,975</b>   | <b>40,882</b>   | <b>46,456</b>   | <b>53,065</b>   |

### Balance Sheet

| Y/E 31 Mar (Rs mn)                    | FY18A           | FY19A           | FY20E           | FY21E           | FY22E           |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Accounts payables                     | 0               | 0               | 0               | 0               | 0               |
| Other current liabilities             | 71,708          | 90,744          | 93,159          | 1,02,828        | 1,12,675        |
| Provisions                            | 9,581           | 9,753           | 9,806           | 10,824          | 11,860          |
| Debt funds                            | 17,260          | 14,047          | 14,047          | 14,047          | 14,047          |
| Other liabilities                     | 12,304          | 12,304          | 12,304          | 12,304          | 12,304          |
| Equity capital                        | 4,417           | 4,437           | 4,437           | 4,437           | 4,437           |
| Reserves & surplus                    | 1,89,102        | 2,03,184        | 2,26,661        | 2,53,421        | 2,84,004        |
| Shareholders' fund                    | 1,93,519        | 2,07,621        | 2,31,098        | 2,57,858        | 2,88,441        |
| <b>Total liabilities and equities</b> | <b>3,04,372</b> | <b>3,34,469</b> | <b>3,60,414</b> | <b>3,97,861</b> | <b>4,39,327</b> |
| Cash and cash eq.                     | 19,661          | 20,427          | 47,218          | 79,024          | 1,15,114        |
| Accounts receivables                  | 65,117          | 69,586          | 70,604          | 77,933          | 85,396          |
| Inventories                           | 659             | 752             | 752             | 752             | 752             |
| Other current assets                  | 76,857          | 88,020          | 90,461          | 93,515          | 96,624          |
| Investments                           | 59,595          | 77,926          | 77,926          | 77,926          | 77,926          |
| Net fixed assets                      | 76,717          | 71,667          | 67,361          | 62,620          | 57,425          |
| CWIP                                  | 2,399           | 2,763           | 2,763           | 2,763           | 2,763           |
| Intangible assets                     | 27,727          | 28,163          | 28,163          | 28,163          | 28,163          |
| Deferred tax assets, net              | 5,766           | 6,091           | 6,091           | 6,091           | 6,091           |
| Other assets                          | 0               | 0               | 0               | 0               | 0               |
| <b>Total assets</b>                   | <b>3,04,372</b> | <b>3,34,469</b> | <b>3,60,414</b> | <b>3,97,861</b> | <b>4,39,327</b> |

Source: Company, BOBCAPS Research

**Cash Flows**

| Y/E 31 Mar (Rs mn)                  | FY18A           | FY19A           | FY20E           | FY21E           | FY22E           |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net income + Depreciation           | 44,374          | 50,112          | 53,959          | 60,954          | 68,962          |
| Interest expenses                   | 169             | (745)           | (11,303)        | (9,495)         | (10,022)        |
| Non-cash adjustments                | 0               | 0               | 0               | 0               | 0               |
| Changes in working capital          | (7,832)         | (10,574)        | (992)           | 305             | 311             |
| Other operating cash flows          | (1,176)         | 5,527           | 0               | 0               | 0               |
| <b>Cash flow from operations</b>    | <b>35,535</b>   | <b>44,320</b>   | <b>41,664</b>   | <b>51,764</b>   | <b>59,252</b>   |
| Capital expenditures                | (7,902)         | (7,793)         | (8,948)         | (9,877)         | (10,823)        |
| Change in investments               | (20,701)        | (23,216)        | 0               | 0               | 0               |
| Other investing cash flows          | (4,590)         | 9,967           | 11,303          | 9,495           | 10,022          |
| <b>Cash flow from investing</b>     | <b>(33,193)</b> | <b>(21,042)</b> | <b>2,355</b>    | <b>(382)</b>    | <b>(801)</b>    |
| Equities issued/Others              | 251             | 359             | 0               | 0               | 0               |
| Debt raised/repaid                  | 7,486           | (4,504)         | 0               | 0               | 0               |
| Interest expenses                   | (993)           | (3,460)         | 0               | 0               | 0               |
| Dividends paid                      | (9,438)         | (14,907)        | (17,227)        | (19,577)        | (22,362)        |
| Other financing cash flows          | 0               | 0               | 0               | 0               | 0               |
| <b>Cash flow from financing</b>     | <b>(2,694)</b>  | <b>(22,512)</b> | <b>(17,227)</b> | <b>(19,577)</b> | <b>(22,362)</b> |
| <b>Changes in cash and cash eq.</b> | <b>(352)</b>    | <b>766</b>      | <b>26,791</b>   | <b>31,806</b>   | <b>36,089</b>   |
| <b>Closing cash and cash eq.</b>    | <b>19,661</b>   | <b>20,427</b>   | <b>47,218</b>   | <b>79,024</b>   | <b>1,15,114</b> |

**Per Share**

| Y/E 31 Mar (Rs)      | FY18A | FY19A | FY20E | FY21E | FY22E |
|----------------------|-------|-------|-------|-------|-------|
| Reported EPS         | 42.7  | 47.7  | 46.4  | 52.8  | 60.3  |
| Adjusted EPS         | 42.7  | 47.7  | 46.4  | 52.8  | 60.3  |
| Dividend per share   | 14.0  | 14.0  | 16.2  | 18.5  | 21.1  |
| Book value per share | 217.3 | 230.6 | 262.5 | 292.8 | 327.6 |

**Valuations Ratios**

| Y/E 31 Mar (x) | FY18A | FY19A | FY20E | FY21E | FY22E |
|----------------|-------|-------|-------|-------|-------|
| EV/Sales       | 1.8   | 1.6   | 1.5   | 1.3   | 1.1   |
| EV/EBITDA      | 11.7  | 8.8   | 9.2   | 7.5   | 6.2   |
| Adjusted P/E   | 15.0  | 13.4  | 13.8  | 12.1  | 10.6  |
| P/BV           | 2.9   | 2.8   | 2.4   | 2.2   | 2.0   |

**DuPont Analysis**

| Y/E 31 Mar (%)                  | FY18A | FY19A | FY20E | FY21E | FY22E |
|---------------------------------|-------|-------|-------|-------|-------|
| Tax burden (Net profit/PBT)     | 77.9  | 77.5  | 74.7  | 74.7  | 74.7  |
| Interest burden (PBT/EBIT)      | 134.3 | 106.4 | 117.6 | 112.5 | 110.6 |
| EBIT margin (EBIT/Revenue)      | 11.8  | 15.0  | 13.0  | 14.0  | 14.8  |
| Asset turnover (Revenue/Avg TA) | 108.9 | 108.8 | 103.0 | 104.2 | 103.4 |
| Leverage (Avg TA/Avg Equity)    | 1.6   | 1.6   | 1.6   | 1.6   | 1.5   |
| Adjusted ROAE                   | 21.0  | 21.4  | 18.6  | 19.0  | 19.4  |

Source: Company, BOBCAPS Research | Note: TA = Total Assets



**Ratio Analysis**

| Y/E 31 Mar                                   | FY18A  | FY19A  | FY20E  | FY21E  | FY22E  |
|--|--------|--------|--------|--------|--------|
| <b>YoY growth (%)</b>                        |        |        |        |        |        |
| Revenue                                      | 5.6    | 12.9   | 3.0    | 10.4   | 9.6    |
| EBITDA                                       | 12.7   | 34.3   | (5.7)  | 17.0   | 14.8   |
| Adjusted EPS                                 | 33.6   | 11.9   | (2.7)  | 13.6   | 14.2   |
| <b>Profitability &amp; Return ratios (%)</b> |        |        |        |        |        |
| EBITDA margin                                | 15.3   | 18.2   | 16.7   | 17.7   | 18.5   |
| EBIT margin                                  | 11.8   | 15.0   | 13.0   | 14.0   | 14.8   |
| Adjusted profit margin                       | 12.3   | 12.4   | 11.4   | 11.8   | 12.3   |
| Adjusted ROAE                                | 21.0   | 21.4   | 18.6   | 19.0   | 19.4   |
| ROCE   | 15.0   | 19.3   | 16.3   | 19.8   | 23.6   |
| <b>Working capital days (days)</b>           |        |        |        |        |        |
| Receivables                                  | 70     | 71     | 71     | 69     | 69     |
| Inventory                                    | 1      | 1      | 1      | 1      | 1      |
| Payables                                     | 90     | 104    | 113    | 110    | 112    |
| <b>Ratios (x)</b>                            |        |        |        |        |        |
| Gross asset turnover                         | 4.3    | 4.7    | 5.1    | 6.1    | 7.2    |
| Current ratio                                | 2.0    | 1.8    | 2.0    | 2.2    | 2.4    |
| Net interest coverage ratio                  | (22.4) | (39.1) | (33.4) | (44.2) | (41.4) |
| Adjusted debt/equity                         | 0.0    | 0.0    | (0.1)  | (0.3)  | (0.4)  |

Source: Company, BOBCAPS Research

## Disclaimer

### Recommendations and Absolute returns (%) over 12 months

**BUY** – Expected return >+15%

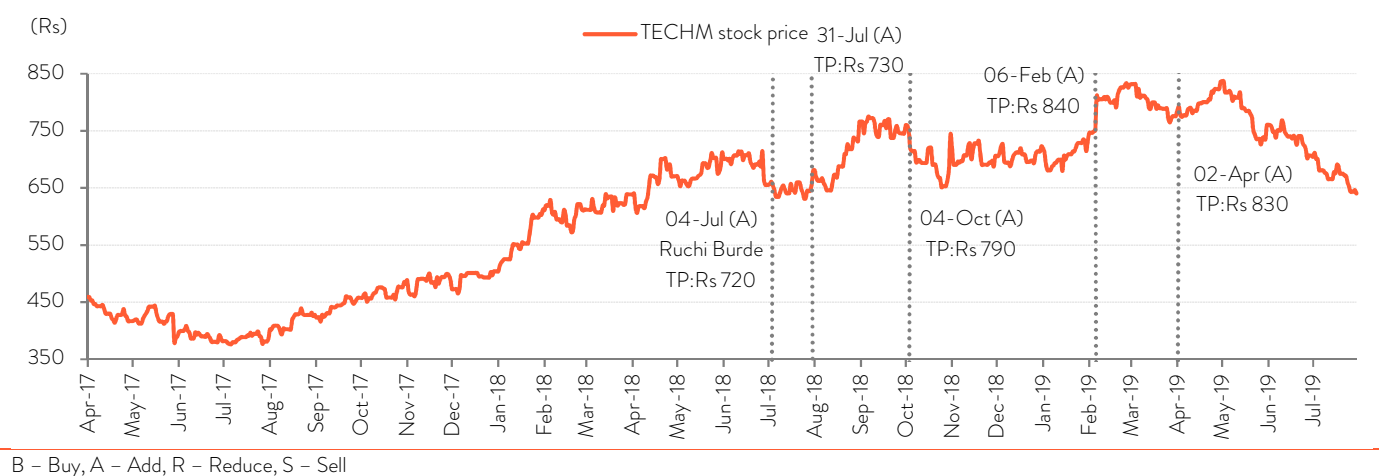
**ADD** – Expected return from >+5% to +15%

**REDUCE** – Expected return from -5% to +5%

**SELL** – Expected return <-5%

**Note:** Recommendation structure changed with effect from 1 January 2018 (Hold rating discontinued and replaced by Add / Reduce)

### HISTORICAL RATINGS AND TARGET PRICE: TECH MAHINDRA (TECHM IN)



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