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Analysts Cheer Tech Mahindra Roadmap

Stock jumps over 7%;
Price targets suggest only limited upside or downside for now

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Mumbai: Shares of Tech Mahindra jumped 7.6% as optimism around the company's three-year growth roadmap outshone concerns over near-term profitability as reflected in the fourth-quarter results, which missed analyst estimates. The stock closed at ₹1,280 and emerged as the top gainer in Nifty on Friday, but the average share price targets mostly suggest limited upside or downside.

The average analyst price targets on Tech Mahindra after the fourth-quarter results stood at ₹1,261.3, implying a downside of 1.5% over Friday's closing.

Tech Shine

Brokerage	Current Recommendation	Target Price (₹)	
		Current	Previous
HSBC	Hold	1,300	1,300
Axis Capital	Add	1,350	1,500
Nomura	Buy	1,350	1,460
Motilal Oswal Securities	Neutral	1,210	1,360
Investec Bank	Buy	1,335	1,325
ICICI Securities	Add	1,350	1,299
JM Financial Institutional	Buy	1,430	1,310
Emkay Global Financial	Add	1,350	1,450
BNP Paribas Exane	Neutral	1,170	1,170
Macquarie Research	Underperform	930	930
HDFC Securities	Reduce	1,135	1,185

Source: Refinitiv

Analysts said that the company's new CEO, Mohit Joshi, unveiled a 3-year turnaround plan to exceed industry-leading revenue growth by FY27.

"We believe near-term monitorable for the company's progress towards this goal would be immediate margin improvement in FY25 and steady revenue growth impro-

vement in subsequent years," said Nomura in a note.

Macquarie said that Tech Mahindra faces a tall task ahead of its FY27 goals and the brokerage prefers peers HCL Tech, TCS and Wipro compared to Tech Mahindra.

"We appreciate the ambition to grow faster than peer group average by FY27, and the detailed plans that the management has to achieve it, but remain concerned that the 36% exposure to Communications will make it difficult even in FY27," said the brokerage.

Analysts at Axis Capital said that while the company addressed client-specific issues and has a strong pipeline, the macroeconomic uncertainties are expected to lead to delays in decision-making for IT budgets.

"Margins have bottomed out and may gain in the next couple of quarters. However, the demand scenario remains uncertain and may lead to lower revenue growth momentum in the near term," said Axis Capital in a note.