Tech Mahindra reports 1.0% QoQ growth in revenues at ? 13005 crore; PAT rises 28.8% to 851 crores; EBIT margins expand 110 bps

Technology

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Mumbai, July 25, 2024:: Tech Mahindra(NSE: TECHM), a leading global provider of technology consulting and digital solutions to enterprises across industries announced the audited consolidated financial results for its quarter ended June 30, 2024.

Financial highlights for the quarter (USD)

- Revenue at USD 1559 mn; up 0.7% QoQ, down 2.6% YoY
    - Revenue grew by 0.7% QoQ, and declined by 1.2% YoY in constant currency terms
- EBITDA at USD 188 mn; up 10.8% QoQ,15.3% YoY; Margin at 12.0%, up 110 bps QoQ,190 bps YoY
- Profit after tax (PAT) at USD 102 mn; up 28.6% QoQ, up 21.3% YoY
- Free cash flow at USD 106 mn

Financial highlights for the quarter (₹)

- Revenue at ₹ 13005 crore; up 1.0% QoQ, down 1.2% YoY
- EBITDA at ₹ 1564 crore; up 11.1% QoQ, up 16.9% YoY; Margin at 12.0%, up 110 bps QoQ,190 bps YoY
- Consolidated PAT at ₹ 851 crore; up 28.8% QoQ, up 23.0% YoY
- Earnings per share (EPS) at ₹ 9.62

Other Highlights

- Total headcount at 147620 up 2165 QoQ, down 677 YoY
- Cash and Cash Equivalent at ₹ 8055 crore as of June 30, 2024

Mohit Joshi, Chief Executive Officer and Managing Director, Tech Mahindra, said,

"It is encouraging to see positive momentum in most industry verticals, which has led to revenue growth and margin expansion in an otherwise seasonally weak quarter. We continue to focus on execution and are on track to achieve our stated goals for FY27."

Rohit Anand, Chief Financial Officer, Tech Mahindra, said,

"The Q1 results are a positive start both for the current turnaround year as well as for our medium-term strategy. As we mentioned in our strategic priorities, our focus continues to be on investing in the business for long-term sustainable performance."

Key Wins

- Tech Mahindra was selected by UK's leading network services provider to build, operate, support and maintain a strategic platform for their combined global and enterprise business units. TechM will deliver a platform for connectivity, cloud and CPE devices along with ecosystem partners and provide operational support by migrating the customers from legacy to the new platform and enable optimization of the operations process. TechM will leverage its ADMS, Digital Enterprise Applications, Next-Gen Services and Network Services competencies. TechM was also selected to assist the customer in efficient fiber planning and running customer management programs by leveraging its Network Services and BPS competencies by providing managed services for planning the country-wide fiber rollout and in managing customer interactions with CPs and Field Engineers. The deal also encompasses digital transformation through implementation of curated solutions predicated on AI-ML, OCR and Hyper Automation.
- Tech Mahindra was selected by a leading US based Telecom company to build, modernise, and operate various front and back-office applications for its wireless network services portfolio of products. The ADMS deal encompasses developing a unified customer 360 view for customer information management, customer experience and API integrations, case management, development, testing, support and maintenance for a dealer access portal and back-office operations across database, ETL and BI management services.
- Sharecare selected Tech Mahindra to design and develop a personalised digital wellness platform for Medicaid members. This user-friendly mobile app platform was launched for Health Plan's Medicaid members, equipping them with essential tools to manage their health and navigate benefits with ease. Demonstrating exceptional collaboration and agility,

Tech Mahindra and Sharecare successfully progressed from ideation and design to product launch in a record time of just seven months.

- Tech Mahindra was selected by a Japanese Automotive Manufacturer for the global rollout of its company-wide SAP implementation as part of its digital transformation programme. As per the programme, TechM will migrate over 130 global sites from legacy ERP systems to SAP S/4HANA in four waves by leveraging its Digital Enterprise Applications competencies.
- TechM has signed a strategic partnership deal with Australia's healthcare company, marking a significant win in the APJ region. As a preferred digital transformation partner, TechM will collaborate to create a new operating model, addressing the client's challenges with legacy applications, sub-optimal customer experience, and business agility. This partnership will enhance client's IT efficiency, business agility, and customer experience through continuous innovation and strategic collaboration.
- Tech Mahindra was selected by a key ministry in the Middle East region for the implementation and support of their digital transformation programme aimed at redefining the way it delivers its services to the country's residents through a standardized and future proof landscape. TechM will setup the Services Delivery Platform and implement services and processes built on a low-code platform in partnership with ecosystem partners, combined with TechM's competencies across Digital Enterprise Applications, Next-Gen Services, and Cloud and Infra Services.
- Tech Mahindra was selected by a leading developer and operator of shopping malls, retail, and leisure establishments in the Middle East for the digital transformation of their IT processes. The scope of work includes NexGen AI-Ops enabled digital transformation and integrated managed services by TechM along with an ecosystem partner to

optimize and modernise customer's IT landscape involving infrastructure, cloud and applications across all group companies covering six countries in the region, by leveraging TechM's Cloud & Infra Services competencies.

Business Highlights

- Tech Mahindra announced a collaboration with Dell Technologies and Intel to implement TechM's indigenous foundational large language model (LLM) Project Indus's 'GenAI in a box' framework globally. This solution will simplify the deployment of advanced AI models for enterprises.
- Tech Mahindra announced a collaboration with IBM to help businesses worldwide responsibly accelerate the adoption of generative AI (GenAI). The partnership enables TechM amplifAI suite of AI offerings and solutions, to integrate with IBM watsonx AI and data platform with AI Assistants to bring new GenAI and governance capabilities to enterprises. This can provide the foundation for customers to build trustworthy AI models and drive explainability to help mitigate risk and bias.
- Tech Mahindra announced an expansion of its strategic partnership with Cisco to deliver a next-generation firewall (NGFW) modernisation solution for their shared global customers. This partnership elevates standard firewall functions with sophisticated features such as unified policy management across on-premise and cloud environments.
- Tech Mahindra announced a collaboration with Microsoft to launch a unified workbench on Microsoft Fabric. The collaboration combines the best of TechM's Intellectual Properties (IPs) with Microsoft Fabric

capabilities, to help customers fast-track their data-to-insight journey and improve business agility by further streamlining workflows, optimizing data, automating processes, and enhancing operational efficiency by 30-40%, thereby reducing costs associated with traditional data management.

- Tech Mahindra announced a strategic partnership with AVEVA, to establish a Center of Excellence (CoE) at TechM's campus in Pune, India. The CoE will create digital transformation solutions for industry-specific use cases. This CoE will combine TechM's expertise in process manufacturing, Industry 4.0 capabilities, and AVEVA's deep industry knowledge and software applications.
- Tech Mahindra announced a strategic partnership with Atento, a leading CRM and business transformation outsourcing (BTO) company in Latin America to deliver end-to-end business transformation solutions and services that leverage Gen AI-powered technologies. The partnership combines Atento's leadership in nearshore CX capabilities and Tech Mahindra's global footprint.
- Tech Mahindra announced a strategic partnership with Fuji TV, a leading broadcaster in Japan. As part of the partnership, both organisations will co-develop and produce content across genres for the global entertainment industry by combining Fuji TV's original content with Tech Mahindra's localisation and animation services. Additionally, Tech Mahindra will help Fuji TV license Indian content IP (Intellectual Property) and leverage its animation expertise to create fresh and captivating Japanese content.
- Tech Mahindra announced a strategic partnership with TM Forum, the worldwide consortium of over 800 entities driving digital innovation. The partnership will cultivate a powerhouse workforce that drives global operational excellence and digital transformation for

Communication Service Providers (CSPs). The partnership will meet the critical need for skilled workforce as CSPs develop new operating models by leveraging TM Forum's expertise in setting industry benchmarks and Tech Mahindra's deep domain expertise as the world's largest CSP IT services provider.

- The Global Chess League, a joint initiative between the International Chess Federation (FIDE) and Tech Mahindra announced Chess.com as its Official Platform Partner. This partnership will provide fans with new and innovative ways to experience the league.

Awards and Recognitions

- Tech Mahindra was recognised as one of the World's Most Sustainable Companies of 2024 by TIME magazine and Statista. We achieved the prestigious number one position among all Indian companies and 111 th position globally.
- Tech Mahindra was recognised amongst 'The Leading Sustainable Organisations in 2024' at the Times Now 3rd edition of Sustainable Organisations 2024.
- Tech Mahindra recognised amongst the 'Most Preferred Workplaces for 2024-25' by Team Marksmen.

Analyst Ratings & Recognitions

- Tech Mahindra was recognised as a Leader / Rising Star in ServiceNow Ecosystem Partners 2024' ISG Provider Lens™ Study - U.S by ISG.

- Tech Mahindra was recognised as a Leader / Rising Star in Life Sciences Digital Services 2024 by ISG.
- Tech Mahindra was recognised as a Leader in Applied AI Services 2024 RadarView by Avasant.

Analyst Testimonials

"Tech Mahindra's vision and passion to deliver technology(s) and services via the mantra Scale at Speed will help clients and potential buyers address their industry's fundamental challenge today which is the evolution from a business-as-usual organisation into an augmented enterprise, leveraging next-gen technologies and process that will make them future ready."

- TJ Singh, Third Eye Advisory

"Organisations are eager to reap the benefits of implementing emerging technologies. Initiatives, such as Tech Mahindra's Scale at Speed, which help enterprises augment their existing expertise and resources to achieve greater agility, will be well received."

- Rena Bhattacharya, Research Director, GlobalData

"Enterprises are increasingly looking to get rapid business outcomes from their technology initiatives. They want these initiatives to be scaled entirely, rather than piecemeal, to drive transformative value for their organisation. Tech Mahindra is aiming to address this growing need."

- Yugal Joshi, Partner, Everest Group

About Tech Mahindra

Tech Mahindra (NSE: TECHM) offers technology consulting and digital solutions to global enterprises across industries, enabling transformative scale at unparalleled speed. With 145,000+ professionals across 90+ countries helping 1100+ clients, TechM provides a full spectrum of services including consulting, information technology, enterprise applications, business process services, engineering services, network services, customer experience and design, AI and analytics, and cloud and infrastructure services. It is the first Indian company in the world to have been awarded the Sustainable Markets Initiative's Terra Carta Seal, in recognition of actively leading the charge to create a climate and nature-positive future. Tech Mahindra is part of the Mahindra Group, founded in 1945, one of the largest and most admired multinational federation of companies. For more information on how TechM can partner with you to meet your scale at speed imperatives, please visit https://www.techmahindra.com/

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Consolidated Financial Statement for the Fourth quarter and Year ended June 30, 2024 drawn under Ind AS

P&L in INR MnQ1	**Q1 FY25**	**Q4 FY24**	**Q1 FY24**
Revenue	**130,055**	**128,713**	**131,590**
Cost of Services	95,532	93,941	97,805
Gross Profit	**34,523**	**34,772**	**33,785**
SG&A	18,878	20,694	20,405
EBITDA	**15,645**	**14,078**	**13,380**
Other Income	1,447	3,735	1,917

Interest Expense	715	585	1,197
Depreciation & Amortization	4,622	4,614	4,466
Impairment of Goodwill and non current assets	0	3,087	-
Share of profit / (loss) from associate	26	64	78
Profit before Tax	**11,781**	**9,591**	**9,712**
Provision for taxes	3,133	2,949	2,676
Minority Interest	133	32	111
Profit after tax	**8,515**	**6,610**	**6,925**
EPS (₹/ share)			
Basic	9.6	7.5	7.8
Diluted	9.6	7.5	7.8

Tags :

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