

# Tech Mahindra's Q1 profit surges 34% on strong verticals

**DRIVING FACTORS.** Growth primarily in communications, retail and BFSI space

Our Bureau  
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Tech Mahindra on Wednesday reported a consolidated net profit of ₹1,141 crore for the first quarter (Q1) ended June, marking a significant 34 per cent year-on-year (y-o-y) increase from ₹851.5 crore in the corresponding period last year.

The robust profit growth was primarily driven by strong performance and growth in its communications, retail, and BFSI (Banking, Financial Services, and Insurance) verticals.

Revenue from operations also saw a 2.6 per cent y-o-y rise to ₹13,351.2 crore for the quarter, compared to ₹13,005.5 crore in the April-June quarter of FY25.

The company acknowledged that y-o-y headwinds stemmed primarily from its pre-services business, which Tech Mahindra was "right-sizing." Mohit Joshi, Managing Director and CEO of Tech Mahindra, further explained that the Technology, Media, and Entertainment vertical experienced a 3.3 per

## Q1 scorecard

	Q1 FY26	Q1 FY25	% Change (y-o-y)
Net profit (₹ cr)	1,141	851.5	34.0
Revenue (₹ cr)	13,351.2	13,005.5	2.6
Total headcount	1,48,517	1,47,620	0.6

cent decline.

### STEEP BUDGET CUTS

This was due to ongoing restructuring and steep budget cuts from a major semiconductor industry client. Joshi noted challenges in another key sector, stating, "We also saw spending reductions in the automotive sector, which impacted year-on-year revenue performance."

The manufacturing vertical saw a four per cent decline, impacted by reduced discretionary spending in the automotive segment."

Despite these sectoral pressures, Joshi highlighted the company's consistent focus on profitability.

He noted that Tech Mahindra has achieved a steady improvement in its margins over recent quarters, a crucial step towards its long-term targets.

"We also saw a consistent

margin increase for last seven quarters in pursuit of FY27 margin targets," he stated.

The company also secured new deals with a total contract value (TCV) of \$809 million for the quarter and successfully added two clients in the \$50 million-plus revenue category over the past year.

### HAZY PICTURE

Looking ahead, Joshi provided an assessment of the broader economic environment, indicating a mixed outlook. He observed, "The macro picture is still quite hazy... In certain sectors which have been impacted by tariffs and by demand activity like Auto, I think the sentiment is still not conducive to significant stationary investments. In some other sectors, like Telecom, for instance, we have seen a stabil-

isation and growth in this quarter which we expect will continue. For hi-tech, we expect a recovery certainly in the second half of the year."

Geographically, the company's European business demonstrated strong growth, increasing by 11.7 per cent. Conversely, the Americas saw a decline of 5.9 per cent, while the rest of the world registered a 2.9 per cent increase in business.

Joshi confirmed that Tech Mahindra has built up a strategic reserve of employees in the past quarter, which it plans to deploy as demand escalates. He articulated the company's hiring strategy, saying, "We will continue to hire a mixture of freshers and experienced talents. What is truly unique about Tech Mahindra talent experiment is that the fact that we have a lot more experience than our peers... the average talent in Tech Mahindra has 9-10-years experience as opposed to two-three years of our peers. And, in this age when clients are looking for technology talent, there is a lot more experience than in this new AI paradigm."