July 30 2024

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001
Scrip Code : 532755

National Stock Exchange of India Limited
Exchange Plaza, 5th floor,
Plot No. - C/1, G Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400 051
NSE Symbol : TECHM

**Subject: Transcript of the earnings conference call for the quarter ended 30th June 2024–
Regulation 30 of the Securities and   Exchange Board of India (Listing Obligations
and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations")**

Dear Sir/Madam,

In terms of Regulations 30 and 46 read with clause 15 of Para A of Part A of Schedule III of the
SEBI Listing Regulations, please find enclosed the transcript of the earnings conference call for
the quarter ended 30th June, 2024, conducted on 25th July 2024 after the meeting of the Board of
Directors for your information and records.

This intimation is also available on the website of the Company at the weblink:
https://www.techmahindra.com/investors/

Kindly take the above on record.

Thanking you,

For Tech Mahindra Limited

Anil Khatri
Company Secretary

Encl.: as above

"Tech Mahindra Limited Q1 FY25 Earnings Conference Call"

July 25, 2024

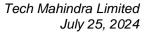**MANAGEMENT:**   MR. MOHIT JOSHI – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, TECH MAHINDRA LIMITED
MR. ROHIT ANAND – CFO, TECH MAHINDRA LIMITED

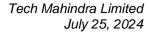|	
Moderator:	Ladies and Gentlemen, Good Day and Welcome to the Tech Mahindra Limited Q1 FY25 Earnings Conference Call.
	As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded.
	I now hand the conference over to Mr. Mohit Joshi – M.D. and CEO for Tech Mahindra. Thank you and over to you, sir.
Mohit Joshi:	Thank you and good evening, everyone. When we had met in April, we had announced our strategic narrative scale at speed and our overall three-year plan.
	I am happy to share with you that in my meetings with clients across the world with employees and with other stakeholders, this strategic narrative has really resonated very well. Clients across the globe have emphasized their need for a partner that can provide this unique combination of global reach and scale and agility. Q1 FY25 is also the first full quarter since we reconfigured the organization structure and I am very happy with the progress that we have made in aligning into the new service line structure.
	For Q1 FY25, we report revenue of $1,559 million, which translates into a sequential growth of 70 basis points and a decline of 1.2% year-on-year, both on a constant currency basis.
	We are reporting a robust growth momentum in manufacturing about 6.4% YoY, while the healthcare vertical grew about 6.1% YoY.
	We see growth in North America and focused APAC markets, resulting in an improved share of revenue from that region, in line with our strategy.
	This is a seasonally weak quarter for our communications vertical, partly due to decline in revenues from Comviva, which tend to skew towards the second-half of the year.

- The new deal wins TCV for the quarter sums up to 534 million and is well diversified in terms of industry verticals and key regions. Notable deal wins during the quarter were, firstly, a deal with the leading US-based telco to build, modernize and operate various front and back-office applications for its wireless network services products portfolio. This application development deal involves developing an application for customer information management, dealer activation portal and point-of-sale systems for the customers in direct channel stores, CXP and API integrations, case management and back-office operations across ETL, database and BI management services.

- Secondly, TechM was also selected by a leading UK Network Service Provider for a country-wide fiber rollout, running customer management programs and digital transformation through implementation of curated solutions predicated on AIML, OCR and hyper automation by leveraging our network services and BPS competencies.

- Thirdly, we were selected by a Japanese automotive manufacturer for the global rollout of its Company-wide SAP implementation as part of its digital transformation program.

- And finally, Sharecare selected Tech Mahindra to design and develop a personalized digital wellness platform for Medicaid members. This user-friendly mobile app platform was launched for health plans, 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 has successfully progressed from ideation and design to product launch in a record time of just seven months.

I also wanted to take this opportunity to update you about our latest launch:

"TechM VerifAI". You may have seen our press release about this exciting new offering earlier today. It addresses what we believe is the missing link that will help companies move from pilots and experimentation phases to enterprise level adoption of AI. TechM VerifAI addresses the need for a robust validation and assurance framework for AI systems. Without this framework, there is a continued reliance on humans in the loop to validate outputs of AI programs. We feel that this is the missing link hindering the wide scale adoption and is also affecting the productivity gains possible from AI. This is why the leap from pilots to enterprise-wide adoption and commercialization has not fully happened. The recent crowd strike incident has again shown the deep importance of validation and assurance more broadly, and this is one way we are highlighting the importance of this crucial component in building out the AI journey for our clients. TechM VerifAI's prebuilt 360 deg. validation framework across the GenAI lifecycle, customizable metrics, micro services-based architecture and seamless integration into existing technology stacks, ensures faster and reliable AI value realization for enterprises. The solution validates data quality in the discovery in pre-development stages to ensure security and accuracy.

Continuing on the AI front:

I am pleased to share that more than 25,000 of our associates have now been enabled with AI-led pair programming skills. We also now offer more than 100 AI-based solutions across AI OPS, computer vision, workplace automation and More.

Next, let me give you some more flavor on specific aspects of our business:

Telecom:

As you know, we are the leader in this segment and worked with seven out of the top ten largest operators in the world. Our enviable position in this sector positions us well to be the preferred partner for their AI investments. Accordingly, we are investing in AI and niche skill certifications. Tech Mahindra will soon have the largest TM Forum Certified Talent Pool in the CSP IT Service Provider Ecosystem.

Also, given our leadership and deep expertise in the sector, we anticipate benefiting from the cost rationalization related consolidation activity across regions. By leveraging our strong partnerships with Hyperscalers and ISVs to create and incubate a wide variety of AI part solutions across Nox, IT OPS, field visit optimization and customer experience to reduce TCO.

Banking and Financial Services:

We are seeing some new opportunities in existing accounts and also we have won new logos. We have won managed services contract from a tier-one global bank, and they have further awarded us the preferred vendor status which sets us up well for the future. Select partnerships like Temenos and Guidewire are beginning to gather stream across the portfolio.

In the US, we are seeing improved spending across asset and wealth management cards and payments, retirement risk and compliance, insurance. On the other hand, investment banking and lending businesses are seeing some softness.
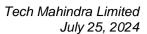
Overall, though, given our relatively small size and the early stage of our transformation journey, I do expect to see some volatility in revenues here while we implement our plans to upgrade our BFSI offerings and client service.

One of our important differentiators in BFSI is the expertise we derive from our portfolio companies like CTCo, Tenzing and Comviva. For example, Yabx is a leading fintech Company operating in emerging markets, that is part of the Comviva portfolio. It is revolutionizing the digital lending and micro financing domain by partnering with local banks. Yabx leverages advanced data and AI models to offer embedded credit products in partnership with mobile wallets, payment gateways, consumer and merchant aggregators and other payment network.

The operating margin for the quarter stood at 8.5%, an expansion of 110 basis points compared to last quarter. This was mainly due to cost saving efforts under project Fortius and continued focus on operational efficiencies. Rohit will share more details on this. Again, the margin was 8.5% for the quarter.

We also see encouraging results from our efforts towards improved market positioning as we rise in ranking quadrants across industry analysts and advisors during the quarter.

We were rated as leader in Rising Star for ADMS in the ServiceNow Ecosystem Partners 2024 ISG Provider Lens Study.

TechM was rated as the leader in Rising Star for Life Sciences Digital Services 2024 by ISG.

We were rated as the leader for AI in the applied AI Services 2024 RadarView by Avasant.

A major contender for Insurance in the Everest Guidewire Peak Matrix 2024 Assessment.

And finally, a major contender for Healthcare Industry Cloud Services, Peak Matrix Assessment 2024 by Everest.

We are recognized not only for our capabilities, but also for our leading sustainability practices. Tech Mahindra has been recognized as one of the world's most sustainable companies of 2024 by Time Magazine and Statista.

We achieved the prestigious #1 position among all Indian companies and the 111th position globally.

Another feather in our cap was the launch of project, Indus, which as most of you know, is the first and one of the only large language model for indigenous Indian languages. This makes us the first among our peers to have built a large language model from scratch, with 1.2 billion parameters, 22 billion tokens, and a team of just 15 people, it was trained on over 100 gig of data.

With this positive start to the year, we are more confident that this will be a better year compared to the previous one. We will continue to focus on the planned actions for building a long-term sustainable foundation for TechM.

With that, I will pass you over to Rohit Anand – our CFO, for a rundown on the Financial Metrics.
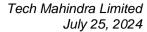
Rohit Anand: Thank you, Mohit. Good evening, everyone.

Let me begin with an overview of the Company's Financial Performance for the Quarter:

We ended the quarter with revenues of US$1,559 million, which is a sequential growth of 0.7% and a year-on-year decline of 2.6%. Our constant currency basis sequential growth is similar to reported and decline of 1.2% on a YoY basis. Translating this in INR terms, we registered a 1% sequential growth in revenue at 13,005 crores, which is also a decline of 1.2% on a YoY basis.

As Mohit mentioned, this quarter the growth is largely broad-based except for communications where we see Comviva seasonality for the quarter.

Our EBIT came at US$132 million, in rupee terms 1,102 crores, a sequential increase of 16.2% and 22% YoY increase. Resulting margin is at 8.5%, which is an expansion of 110 basis points

QoQ and 170 basis points on a YoY basis. The margin in Q1 were impacted by decline in revenue in Comviva and inching up of VisiCalc that we see in Q1 of the year, which was mitigated by operational efficiency and savings due to project, Fortius.

We have also seen moderation in our subcontractor cost, which in the last quarter we had mentioned has increased because of certain deal ramp ups, and other SG&A areas which were partially offsetted by the long-term investment that we had mentioned in a strategic narrative that were committed to growth of the business for long-term growth.

The effective tax rate for the quarter was 26.6% and the resulted PAT stood at US$102 million in rupee terms, 851 crores, which is 6.5% of revenue and an expansion of 140 basis points sequentially and 130 basis points on a year-on-year basis.

Our cash generation remains healthy as a free cash flow for the quarter was US$106 million which translates to 104% of PAT. The total hedge book for us stood at 2.2 billion versus 2.4 billion last quarter. Based on hedge accounting net mark-to-market gain for the quarter was $27 million, out of which gain taken to the P&L is $2 million and the balance taken to reserves of $25.6 million.

The DSO, including unbilled was at 93 days, which is an increase of one day on a sequential basis, but an improvement of five days on a year-on-year basis.

Our balance sheet continues to be strengthened. Cash and cash equivalent as of the quarter close stood at US$966 million at rupee terms 8,055 crores.

Our deal wins for the quarter was at 534 million which is an increase of 6.8% on a quarter-on-quarter basis and also an increase on a YoY basis.

The key highlights about our deal win are that most of these are as Mohit mentioned broad-based,and in focused prioritized markets of US, Europe and selected pockets of APJ.

And also from a service line perspective, deal wins represent the mix for digital enterprise applications, cloud and infra and next gen services. The detailed tailwind of these deals are mentioned in an earning presentation as well as in the earning press release.

If you recall from our previous quarter strategy presentation, we had mentioned about making investments about strengthening our sales and marketing practice and one of the pillars under that was to strengthen our advisor and analyst relationship. Following up on that, we held an Advisor Day in Pune, India. The event was impactful as research houses, advisors and analysts were left with a much better understanding about TechM, service lines and competencies, and a strategic thought behind the scale and speed imperative.

We also continue to invest in building our employee pyramid as we onboarded close to 1,000 freshers in the talent pool for the quarter. Invest in building employee pyramid is going to be one of our largest margin expansion driver from medium as well as long term. We will continue to do this as we move forward.

Beginning this quarter, we also have started reporting interns for our BPS division, as a part of overall headcount as a practice, which was around 2,100. If you normalize for that on a quarter-on-quarter basis, our headcount is flat.

We have also made progress on our portfolio Company integration front. We have completed full integration of two of our portfolio companies with a core corresponding service line at TechM during the quarter.

So, in summary:

We believe the Q1 Results are a positive start for the current turnaround year as well as for our medium to long term strategy. As we continue to prioritize the strategic areas, we will continue to invest in the business for long-term sustainable performance.

With that, I will take a pause now and moderator, back to you for Q&A.

Moderator:	We will now begin the question-and-answer session. The first question is from the line of Sudheer Guntupalli from Kotak Mahindra Asset Management Company. Please go ahead.
S Guntupalli:	So, my question is, outside the COVID high growth period, possibly is the first time in the last several years where we are seeing sequential organic growth in June quarter. So, has the Comviva seasonality come down over this time and will it be possible to call out the drag to Comviva at both revenue growth and margin level during the quarter?
Mohit Joshi:	Yes, I think, the Comviva drag from Q4 to Q1 is roughly about 0.5%. I don't know if that answers your question.
S Guntupalli:	This is both at the growth and margin as well?
Mohit Joshi:	That's correct.
S Guntupalli:	Most of the companies reported so far have shown good growth in BFSI and they are positive that it will continue into the subsequent quarters. So, I understand that you mentioned that there will be some volatility at our portfolio level, but broadly, if you can highlight few trends in your key verticals, including communications, that will be helpful.
Mohit Joshi:	Because you asked about BFSI, first, let me cover that first. See, our BFSI vertical is relatively small compared to our peer group and we are in the process of crafting out a new strategy. As I

mentioned previously, we have a new team as well. What we are focused on is a couple of things, right. The first is building out a new team to dig deeper into our existing accounts, so a huge focus on mining of the existing portfolios that we have. There's also a lot of effort going in for client logo additions. In this regard, the one thing I mentioned the large global bank that onboarded us as a preferred supplier this quarter is a positive movement. There's a lot of work going on from a solution development perspective, especially in areas where we have strength like core banking, wealth and asset management, insurance and payments. And finally, we are looking to fully integrate the capabilities of our portfolio companies like CTCo, BORN, Citisoft and Softgen. So, with all these, I feel very confident and comfortable about the long-term outlook of our financial services business. But again, given the small size, right, from a quarter-to-quarter, just a couple of million dollars movement can inject a degree of volatility. But we are comfortable about the long-term outlook of the business. And again, I feel that if you leave one of our peers outside, I think our growth on a quarter-to-quarter, on a year-on-year basis actually is quite good. We grew marginally quarter-on-quarter and declined only slightly on a year-on-year basis. From a telecom perspective, look, I feel that again, the telecom sector continues to be challenged. But if you look at it from an FY24 perspective for the full year, our telecom business declined by about 12.4%, for Q4 it declined by about 16.5%, but in the most recent quarter, the decline has come down to single digits now. So, I expect to see some level of year-on-year improvement in the telecom business over time. I believe that our sort of position in telecom from a comparative position remains very strong. We are present in seven of the top-10 operators. And as I look at the priorities that operators have, these are broadly in three areas. The first is on the cost side, whether it's a vendor consolidation or it is autonomous operations and autonomous networks, we are active in that space. The second is revenue generation both on the B2B side and on the B2C side, and on the wholesale network side, again, working on a number of initiatives with clients there. And finally, working with our clients to help them become AI-native telcos. So, while the telecom sector overall remains stressed and the spends are there to see across our peer group as well. I do feel comfortable that as the sector improves as one of the largest players in the sector, we should benefit from an uptrend. I don't see it happening immediately, but surely this is a large enough sector, it should happen over time.

S Guntupalli: Lastly, you spoke about development of a large language model. If you can elaborate a bit on it, because our understanding so far is that only few companies that do the product or US internet companies have been very strong on this. So, if you can elaborate a bit on what are the use cases, who are expected to be the clients and what is our expected monetization model, that will be very helpful?

Mohit Joshi: Look, we started off more as a research project within our makers lab in TechM. We were motivated to build out a large language model in the various dialects of Hindi, because we didn't see one being commercially available and we thought it would be an interesting and exciting challenge for our teams. It is one thing to work on large language models that other people have created. It's a different level of understanding of the complexity and comfort with the technology if you can build your own model from scratch. And so we started out by collecting multiple data

sources. We had a project called "Bhashathan" which was actually to collect raw language, primary data as well in the various language dialects. And we built this model over time. As I mentioned, it's got 1.2 billion parameters, 22 billion tokens and was built with a fairly small team. It is now hosted on Intel and Dell hardware. We are still working out a commercialization model with various clients and various third-party providers including within the group. Beyond Indus, we also built out a large language model in Bahasa Indonesia working with Indosat and working on NVIDIA chipset. So again, I feel that it really demonstrates the differentiated technology capabilities, the AI capabilities of TechM – that our teams are able to build complex models from scratch. Candidly, the commercialization models are not very well developed now and I do not expect this to be a significant contributor to our revenues. It is more of a technology demonstrator from our perspective.
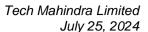
Moderator: The next question is from the line of Rod Bourgeois from Deep Dive Research. Please go ahead.

Rod Bourgeois: Hey, I want to ask about your internal progress in making turnaround changes and also tracking your turnaround-related metrics. You're still relatively early in your turnaround efforts overall and I'd like to know if you can give us a sense of the internal metrics that are essentially allowing you to gauge the leading indicators of your turnaround progress?

Mohit Joshi: So, Rod, when we presented our strategic narrative and the turnaround plan in April when we spoke about the scale at speed sort of a journey, we mentioned that to drive long-term sustainable performance of the Company, we were going to look at three pillars for transformation perspective. The first pillar was linked to growth and growth was about being able to grow our priority accounts. Our peak and prime accounts are 20 million plus accounts sustainably. We have our program called Turbocharge. We have dedicated client and delivery partners for our top accounts to drive more focus and we see an improvement in this overtime. We also spoke about from a growth perspective competency build, right, the investments that we are making in our focused service lines. Just Rohit spoke about the Analyst Day we did in Pune to drive more understanding of our competency and the value sharing that with the analysts. And finally, for the growth piece we spoke about the need to invest in markets in the US, in Europe, prioritized markets in APJ, which is also reflective of our deal wins this quarter and the numbers overall. Beyond this, there was the desire to build on our leadership position in telecom and manufacturing. You've seen the results from manufacturing perspective and also to be a credible challenger in healthcare and BFSI. Again, both sectors where we have delivered a good set of numbers for this quarter. Beyond growth, there was a focus on margins and we gave some metrics from margins perspective. For instance, what is the entry level as a percentage of the total workforce. As you know, we are one of the few companies that continue to imbibe fresh talent in our industry, and we have added about 5,400 - 5,500 people in the past four quarters and we will continue to build on this. From a margin perspective, we also spoke about CNB as a percentage of our revenues, including sub cons. In this, we improved YoY by about 80 basis points here. As we continue to reduce subcon significantly and focus on other areas like offshoring. And finally beyond growth in margins, we spoke about the organization and talent

transformation, right? And from a talent transformation perspective, the number one focus for us was employee upskilling. We have made progress year-on-year and quarter-on-quarter. We spoke about the 25,000 plus people that we have trained in AI pair programming. Beyond this, we have gotten a chief learning officer with a very ambitious and a very robust plan for training overall, including investments to build out training facilities. We spoke about the percentage of clients who we did infuse with the GenAI offerings and again you see progress over here. You see a new offering VerifAI that we spoke about today, which is focused on the assurance and validation space. We also spoke about group synergy, where there's focused effort on working with M&M on the factory of the future and take into clients, work across more group companies and leveraging the M&M vendor ecosystem, right? So, again, across these three areas of growth, margins. organization and talent metrics, we are making good progress. We do have a plan to report this on an annual basis in terms of the progress that we make on the metrics, but I want to assure you with something we are tracking very closely. And again, sorry, a fairly long answer to your question, but this is very, very critical for us.

Rod Bourgeois: In terms of a follow-up, you mentioned some positive developments in the BFSI business and the long-term growth confidence there. I wonder how much of these positive developments in BFSI are due to an improved demand environment versus Tech Mahindra improving its positioning in the market? One point on that. As we look at our research on enterprise buying factors, we are seeing enterprises often demanding more specialist skills from its IT services vendors and I wonder if that's part of your positioning in the BFSI vertical and if you're seeing that as a demand opportunity out there?

Mohit Joshi: So, I would say that the demand environment in BFSI is reasonably stable. Again, peer companies have given very different interpretations; some have spoken about green shoots, others have been more cautious. I think from my perspective, the demand environment is reasonably stable, not really growing dramatically. I think we are benefiting from the fact that we have a new team, we have a significant amount of focus on the vertical and that we are able to both open new clients like the large global bank that I mentioned and dig deeper into our existing clients to build out our solution sets to gain from the synergy of the portfolio companies. So, I would say that the game set that we are seeing are mostly based on our internal efforts and our improved market positioning. Your second part of the question was about the demand for more experienced talent in the BFSI sector. And yes, I think for us, this is certainly a differentiator for us. We do have the most experienced talent pool in the industry, significantly higher levels of experienced talent and we position this to clients as being able to provide a diamond rather than a traditional pyramid. Obviously, we are working to improve or to increase the level of fresh talent that we have. But even with those additions, I do expect that we will continue to have the most experienced talent pool in the industry both within TechM and obviously certainly within the portfolio companies like a CTCo, like a SoftGen, BORN that have very domain rich and deep industry talent.

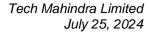| Moderator:	The next question comes from the line of Kawaljeet Saluja from Kotak Securities. Please go ahead.
Kawaljeet Saluja:	A couple of questions, Mohit. One is that if you look at the current quarter, growth has been driven by BPO which has added close to $25 million to your revenue incrementally. Now I also notice that there was an acquisition announced, Orchid Cybertech. So, what was the contribution of that to the revenue? And more generally what has driven such a strong growth in BPO? And the related question to it is that when I look at a BPO portfolio, it's quite heavy on contact center services or call center services. Does that worry you given that that business would be the first one to be impacted by GenAI.
Mohit Joshi:	Yes. So, look, I think the BPO numbers are not really correct, they're not comparable, and Rohit will address this, because there is a recast that we did as well of our portfolio. And so it is shared in his narrative. Some of the revenue has shifted from IT services to BPO, that's probably giving you that sense. The Orchid Cybertech acquisition is over two quarters old. So, it doesn't really have an impact from a QoQ perspective.
Rohit Anand:	Just on IT and BPO, it had some segmental change. So, when you compare it to the relative performance the 11 million growth for the quarter from last to this you can attribute half of that the BPO perspective and half to IT. It's kind of mixed the change is what's driving the differential that you see on an absolute basis last year.
Mohit Joshi:	And then on your BPS question more broadly, right, look, I feel that our BPS business actually has been very, very innovative. And for instance, in the AI space, the BPS business actually has made great inroads in a couple of areas. One is obviously working with the hyperscalers and working with a lot of the AI native companies. As they get humans into the loop in several of the AI platforms, that's been a significant growth opportunity for us. We have also been infusing AI into a lot of our contact center solutions and into a lot of our platform capabilities and finally, we are using GenAI to become a lot more productive internally. So, I think this is an example of how our BPS business really has been very innovative around areas like AI, which is helping drive growth. A lot of our client base now is the Silicon Valley companies, the cloud companies. Our contact center dependence as a Company itself is very low, would be under 5% for TechM overall. So, I am not too worried about any significant disruption from that perspective. It is small and the portion that is there is very AI infused now.
Kawaljeet Saluja:	Second part of the question, Mohit, is that the market has been fairly active in terms of consolidation deals in telecom, in fact, there have been many mega deals in consolidation, deals announced in North America, in Australia and even in Europe. I mean this market is of course fairly competitive as well. So, would you be playing into this market and consolidation deals or would you stay away from it giving profitability consideration?

Mohit Joshi:	Look, that's a very good question, right? And it's a question about as we had shared in the Analyst Day session as well that obviously we want to get growth and margin, right, but if we have to prioritize, we will choose margin. Now, we did not want to get into a situation where we are competing for deals which are hugely cash-negative and hugely sort of margin-dilutive, right. Having said that, given the capabilities of the Company, we are winning several deals. So, for instance, the large deals that we announced from a last quarter perspective includes several telecom deals, including with the American operators, with European-based operators, just this quarter, for instance, we have won a significant deal from an autonomous network operations perspective. So, we continue to be competitive, we continue to win telco deals, but again these have to be deals on our terms, right. I don't want to do the sort of deals that we have to then come back and make plans for magical margin improvements. Given this stage, we are in our turnaround. We want to be very, very focused on the sort of growth that we want and the sort of margin structures that we will accept.
Moderator:	Thank you. The next question comes from the line of Abhishek Kumar from JM Financial. Please go ahead.
Abhishek Kumar:	Maybe to Rohit, Rohit you had indicated plans to reduce our cost annually by $250 million and also spend 1.5% of the revenue in first year of turnaround which translates to around $100 million. Just wanted to gauge our progress against this target, looks like good cost reduction this quarter, but there were some business-as-usual benefits that you indicated. So, how are we now placed against that target? And if we can give any indication of the cadence of this cost reduction or investment to the rest of FY25? Thank you.
Rohit Anand:	Sure, Abhishek. So, as I mentioned, when you look at the margin for the quarter, we have expanded from 7.4% to 8.5%, right, the way to decompose that is we have headwinds from Comviva revenue which flows to the margin impact broadly half a percent plus we have impact on visa cost in some other direct costs associated with that around 30 basis points, right. So, that's the headwind we started off with. Post that, all the efforts that we did on cost optimization as a part of Project Fortius net of investments, right. And we had clearly articulated to your point that we will continue to invest high for first year and then gradually ease it down because that's where we need a long term sustainable business to grow. So, when you look at the savings net of investments, we see an improvement in contribution to margin around 1.2% driven by that and then SG&A excluding Fortius, we see some seasonal reduction in cost that over the year will come back quarterly sequentially. So, those are the broad walk from a margin expansion standpoint, and we will continue to report our progress of Project Fortius each quarter net of investments and the buckets that we just to reiterate the buckets on investment that we clearly articulated is continued focus on expansion of pyramid. We said we will continue to drive learning and development investments, sales and marketing efforts, competency, build internal productivity tools for automation. So, those are the broad buckets that we will continue to prioritize.

Abhishek Kumar: Just one quick follow up on growth. Just wanted to understand is the demand environment similar to what we had envisaged at the beginning of the year and if things improve, does that present an upside opportunity to our margin target? Thanks.

Rohit Anand: Well, look, I think the demand environment is pretty much the same as when we had spoken in April. I don't think there is any significant improvement, nor has there been a deterioration candidly. So, it's still pretty much the same. Compared to a year ago is probably a little bit better. That's what we see. And obviously if the demand environment should pick up significantly in the second half of the year, then it will be helpful from a margin perspective, everything else remaining the same, right? I mean, assuming that the attrition levels and all don't spike up massively, it should be positive from a margin perspective.

Moderator: Thank you. The next question comes from the line of Sandeep Shah from Equirus Securities. Please go ahead.

Sandeep Shah: Thanks for the opportunity and congrats on a good start to the year. Just first question Mohit, I think one of the growth strategy which you want to look at is to drive the multi services deals as well. So, any progress on that? I do agree it's too early to ask this question, but any pipeline which is shaping up which can improve the order intake going forward?

Mohit Joshi: Yes. I think that's a very good question. Look, multi-tower deals are very critical for us. We have set up a specialist group within the company, the Solutions and Transformation Group, which specifically focuses on multi-tower deals that are over $25 million in revenue, right. So, this team will collect the inputs, build estimation models, create high quality solutions and through deal advisors and consultants and deal architects actually shape their deals on the ground as well. For our largest accounts, we have put in a team of delivery partners over the past 6 months and the delivery partners also help consolidate the capabilities from multiple service lines to give us seamless and a uniform experience to customers. So, it is very important for us. It is something that we track very closely. We look at the average number of service lines that our largest clients consume and we are very focused on increasing that. Obviously in verticals and sectors where we have been present for a long time like our telecom or manufacturing, that number is higher, while in our newer verticals like Lifesciences and BFSI, the number is lower. So, there is a focus strategy to improve these service line penetration within our newer clients and newer verticals as well. So, it's a very comprehensive strategy consisting of structural changes like building out the SSDT of talent infusion, like putting in the delivery partner into the accounts and finally through a mixture of incentives and measurements like the measurement of service line penetration in each and every individual account.

Sandeep Shah: Thanks for the detailed answer. Any thought on wage increase or wage hikes in the coming year?

Mohit Josi: Yes. So, as of now, we have been fairly transparent with our employees that we do not see an opportunity for a wage hike at this time and we will revisit it in the second half of the year

depending on our financial situation. We were the first company last year to announce wage hikes. So, I think our employees, we have that credibility and trust with our emdployees where they understand what we are, what we are focused on and the fact that we will revisit it in the second half of the year if appropriate.

Sandeep Shah: And just a last question as a bookkeeping. I think offshore efforts, one of the lowest which as a large cap Tech Mahindra has and I did not hear that as a margin lever in most of the commentary by you and Rohit. So, is it fair to say because of the acquired subsidiary which are onsite driven, there is a hurdle to move the offshore effort materially going forward or are we also strategizing for as a material margin lever going forward?

Rohit Anand: No, Sandeep, I think that's a good question. So, from our perspective, one of the strategic pillars that we have shared with you three months back was better integration of portfolio companies, right? So, we said that our priority for the next 18 to 24 months is going to be prioritizing the integration into systems, into policies, procedure, middle office, back office. So, that's a focus effort that we will drive over that period and continue to work on enhanced offshoring, which to your point will get more accelerated as we do go through that journey.

Moderator: Thank you. The next question comes from the line of Ravi Menon from Macquarie. Please go ahead.
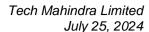
Ravi Menon: Last year, we took a significant provision for onerous contracting altogether through the year 6.7 billion. So, are we continuing to do any of that, it still seems a bit elevated?

Rohit Anand: Ravi, I think last year, as you know, as you saw in the business results, there was some volatility and we mentioned clearly that we were reassessing portfolio. We were reassessing areas we wanted to operate as a part of that strategy in areas where we could exit commercially in contracts we did wherever we didn't want to continue, we box that as a separate runoff portfolio to execute and close. So, as a part of that, these provisions were heightened last year to represent our commercial position on those contracts. This year as we move forward, we have more business as usual and as an ongoing part of our governance and project and contract reviews, we continue to assess our risk and as per the financial principle, if we see any risk, we will take cognizance of that and record in the financial books, but that will be now business as usual versus last year.

Ravi Menon: Thanks, Rohit. Mohit, just broadly how should we think about any areas that you're thinking about improving your win rate substantially because given the size of your portfolio, you need to improve in a large segment or say material market segment, right. So, which segments would you be looking at given that digital, it's not really early stage, right? And we are still probably an early cycle, but credentials have been set already. Do you see any gaps for Tech Mahindra possibly that given some tuck-in acquisitions can solve?

Mohit Joshi:	Sure. So, look, I think we are very focused on our win rate, especially for large deals. It is something that we track very religiously, and the win rate is really a combination of what I keep telling our teams is that our solutions have to be comprehensive, they need to cover the full gamut of TechM capabilities. They need to be competitive from a pricing perspective, but most importantly they need to be compelling, right? They need to tell a really powerful story like for instance, the fact that we are the only large SI or we are the only SI to build a large language model from an AI perspective. So, we are thinking about the win rate in exactly the same way that you mentioned. I do feel very comfortable that we have a full range of service line capabilities. We have a great set of clients in the sense if you look at the old MBT clients or the old Satyam clients, we have a really good coverage of clients and we have a very good track record with clients, right. The delivery capabilities and the delivery track record of TechM truly has an exceptional overtime. We have a great talent pool as I mentioned in the question that Rohit had been asked about the very experienced talent pool that we have. So, we have no reason why we should not have an improved win rate. We are just being very systematic about it. We are being very focused about it. We are very clear about the segment of the market that we want to serve, which is the global 2000 companies. We are very clear about the service lines that we have. We are very clear about the geographies where you want to play and we feel we have a compelling strategic narrative and scale at speed. So, given all these, I fully expect our win rate to tick up over time and a combination of an increased funnel and sort of an increased pipe and an improved win rate should give us significant benefits over time.
Ravi Menon:	Thank you. One last thing, you talked about 1000 freshers being added, but when I look at the utilization, both including and excluding freshers, the trainees seem to be the same. So, have these trainees already been on boarded and deployed in the same quarter?
Rohit Anand:	They typically join at different points to quarter. The recent additions more towards the fag end. So, that's why you probably don't see it.
Moderator:	Thank you. The next question is from the line of Dipesh from Emkay Global. Please go ahead.
Dipesh:	Yes, just two questions. From vertical perspective, one look at it, retail and logistics did fail partly because of last quarter weakness. But if you can help us underlying trend perspective, any changes you are witnessing because some of the peer indicated inflation related impact on the sector and demand perspective, if you can give some sense around it? Second question is data related about effective tax rate. If I look at the nature if you can give some color about how one should expect it to trend. Thank you.
Rohit Anand:	Yes, maybe I'll take the tax rate first. And Mohit, you can talk about the retail, transport and logistics vertical trend that we are seeing. So, on the tax rate, the effective tax rate for the quarter was 26.6% and we clearly articulated our tax rate for the year should be in the range of 26% to 27% based on the structure we are in. So, there are quarterly variations based on different items, but that's the normalized rate we should be in to expect.

Mohit Joshi:	And on the sort of retail CPG, travel, transportation, logistics vertical. Look, I think that this is again a relatively small vertical for us, but we do have a good set of capabilities. So, I am quite confident that this number will pick up over the coming quarters. There is no significant underlying weakness in this vertical, but again it's a relatively small vertical for us.
Moderator:	Thank you. The next question comes from the line of Girish Pai from BOB Capital Markets. Please go ahead.
Girish Pai:	The CrowdStrike incident, which happened recently, do you think that could lead to some kind of shift with spending away from normal activity to maybe something focused on cybersecurity, that's question number one. Second one of your peers, smaller peer talked about unexpected furloughs in a certain sector Hi-Tech. Are you seeing something similar? The third question is regarding segmental margins. IT segment seems to have seen a 600-basis point Q-o-Q improvement in margin. So, can you just explain that?
Mohit Joshi:	So, I'll answer the first one and then I'll pass it back to Rohit, for the question on segmental margins. So, look, I think as far as the CrowdStrike incident is concerned, cybersecurity has always been a key focus area for our clients, and I don't see that changing. This was though, not really a cybersecurity issue, this was an issue of a failure of the validation process and that is why when I spoke about Verify, I mentioned that we feel strong validation and assurance framework from an AI perspective is very important. The only impact that CrowdStrike really had on us was a lot of our clients obviously had to spend money on remediation. There was a lot of effort involved in reaching individual machines and making changes and wherever we were providing these end user services or desktop services, clients were quite reliant on us and they were very happy with the support that we had provided. To some degree it has helped us strengthen and cement existing relationships. We were not using CrowdStrike ourselves, so we were not impacted as a company. So, that's the first piece. On the Hi-Tech piece, yes, there are one or two clients where there is an unseasonal furlough request, it is not material I think at this stage and it is not widespread so I really won't call it out from our perspective. And then on the margin question, let me pass you back to Rohit.
Rohit Anand:	This time we, as I mentioned, we have done a segmental change between IT and BPO. So, if you look at the real performance on an IT perspective, we have increased quarter to quarter close to the company level improvement and when you look at the numbers that you see on the segmental financials are without the unallocated cost which is predominantly pertaining to IT and hence when you contribute that you'll get a similar improvement and it's at a company level average and not 600 basis points.
Moderator:	Thank you. The next question is from the line of Rahul Jain from Dolat Capital. Please go ahead.
Rahul Jain:	Yes, I think you were trying to address the question that was to ask. So, if you could clarify, what exactly you were mentioning in terms of the reassignment because I see the reported IT

Solutions to be almost lowest level since 9 quarter. So, what could be the other attributes other than the realignment that you just spoke about?

Rohit Anand: Yes. So, as I mentioned, we were realigned certain portion of the business to BPS which better drives the synergies between the business, right. So, that's why the baseline has changed. When you look at our earnings and press release, we have shown the performance QoQ and YoY more aligned to the re-casted numbers as comparatives. So, from that perspective, that's the way to look at it. And as we go forward, this will be the baseline to compare from a performance standpoint, so that's a change we have had. As I mentioned, if you look at QoQ, the overall absolute increase in revenue is 11,000,000 and half of it is driven by BPS on a comparable basis and the other half by IT.

Rahul Jain: Right. And just on this marginal recovery kind of thought process that we have. Is there a certain base growth assumption that is required for us to be in that zone because the clarity on the macro is not as obvious as one would like to have.

Rohit Anand: I think look on the margin side, what we have said and I mentioned this in my response to cover just now as well that we will prioritize margin over revenue. So, to that degree we are quite focused. We do feel we have a significant number of levers to pull even in a flat demand environment and also the margin goal that we have given is a three-year goal right from an FY27 perspective, we have not given a goal specifically for FY25. Having said that, we are quite comfortable that we have enough levers to push in our existing portfolio to show an improvement in margin and we have already demonstrated it this quarter.

Moderator: Thank you. The next question is from the line of Manik Taneja from Axis Capital. Please go ahead.

Manik Taneja: While you've alluded to the focus in terms of deprioritizing some certain low margin or low margin parts of the business, but if you could help us understand with regards to the client metrics, we have seen a decline in terms of number of active clients and number of $1 million plus customers over the course of last several quarters. How much of this reprioritization essentially is reflecting in terms of the revenue drop that we see in the business?

Rohit Anand: The reprioritization of the deprioritization of customers has almost no revenue impact. Wherever we have deprioritized accounts, it is because either from a geographic perspective or from a size and attractiveness perspective, which really refers to the IT spend, they're not attractive to us, but most of these are very marginal customers. So, we do not expect our pruning and shaping of our portfolio to result in a revenue attrition.

Moderator: Thank you. Ladies and gentlemen, we will take that as our last question for today. I would now like to hand the conference over to the management for closing comments. Over to you.

Rohit Anand: Thank you again, thank you all for making time for us today. We feel happy with the good start that we have had to the quarter. This is still very early stages in our transformation and our renewal journey. But I feel very confident that with the team that we have and with the support that we have from all of you, our clients and our teams that we will make good progress. Thank you again.

Moderator: Thank you. On behalf of Tech Mahindra Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.