TechMahindra Q1 PAT up 6.8%

Acquires US design firm Mad*Pow

OUR BUREAU
Mumbai, July 30

Tech Mahindra's net profit rose by 6.8 per cent at ₹959 crore for the quarter ended June 30. It had posted profit of ₹897.9 crore in the year-ago period.

However, when compared sequentially to the fourth quarter of the previous fiscal, the profit in the first quarter is down by 15 per cent.

Revenue from operations for the quarter came in at ₹8,653 crore, up 4.6 per cent YoY, while the EBITDA slipped 3.2 per cent YoY to ₹1,314 crore. Operating margins came in at 15.2 per cent, down 120 basis points (bps) YoY. On quarter-on-quarter (QoQ) basis, revenue of the company slipped 2.69 per cent. It had posted a revenue of ₹8,892.3 crore in the March quarter.

CP Gurnani, MD and CEO, Tech Mahindra, announcing the results in Mumbai SHASHI ASHIWAL

CP Gurnani, Managing Director & Chief Executive Officer, Tech Mahindra, said: "We are encouraged to see total contract value (TCV) deal wins worth close to half a billion US dollars across Enterprise and Communications. We remain optimistic on the demand environment, evident from a very strong pipeline and deal coversions. Digital will continue to be a primary growth driver, underscoring our collaborative approach through TechMNxt platform."

Manoj Bhat, Chief Financial Officer, Tech Mahindra said: "Business seasonality has affected revenue and margins this quarter. Our focus on automation and AI will help realise operational efficiencies as we look to accelerate growth through the year."

No visibility on deal value

The IT services company also said that it has acquired US-based strategic design consultancy firm Mad*Pow. The company, however, did not disclose the deal size.

"Mad*Pow's acquisition is in sync with Tech Mahindra's global digital charter. With this collaboration, our digital footprint will take a deeper root not just in the US, but also in the wider ecosystem world over," Gurnani said in a statement.

The acquisition is expected to help Tach Mahindra boost its capabilities in customer experience and digital transformation, user experience design, behaviour change design, content strategy, mobile app and web development, data science and analytics etc, the statement said.

IT solutions firm Walking Tree acquires Techease Systems

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Walking Tree Technologies, a Hyderabad-based IT solutions and services company, has acquired Techease Systems, a Mumbai-based IT services company for an undisclosed consideration.

"The addition of Techease will help us provide customised solutions through the powerful suite of business tools by Microsoft, including SharePoint, Power BI, and Azure," Pradeep Lavania, Director and co-founder, Walking Tree said.

Techease's associates and customers were absorbed by Walking Tree with effect from June 1, 2019

Techease's associates and customers were absorbed by Walking Tree with effect from June 1, 2019. Post acquisition, Walking Tree will get 40 employees from Techease.

"We look forward to serving our new Techease customers by building long-term relationships and working together on their initiatives now and into the future, as we evolve our offerings. Strategic acquisitions enable us to align with the business needs of our customers and strengthen our competitive position while continuously innovating our solution offerings," Alok Ranjan, Director and co-founder Walking Tree, said in a press release on Tuesday.

Huawei posts 23% sales growth; warns of sanction-induced pain

Profit margin for first six months of 2019 came in at 8.7 per cent

BLOOMBERG
July 30

Huawei Technologies reported a 23 per cent rise in revenue to 401.3 billion yuan ($58 billion) in the first half, as the Chinese telecommunications giant withstood US efforts to curb its business.

The profit margin for the period was 8.7 per cent in the six months ended June, the Shenzhen-based company said in a statement on Tuesday. Smartphone shipments for the half jumped 24 per cent to 118 million units.

Huawei warned that it will face difficulties in the future that could hit the pace of short-term growth. The company may be starting to feel the pinch of US restrictions. It remains unable to sell certain fifth-generation wireless products to lucrative markets such as Japan, Australia and New Zealand. Revenue growth, while up from 19 per cent in 2018, was down sharply from 39 per cent of the March quarter.

Executives have told staff to brace for tougher times over the remainder of 2019, people familiar with the matter have said. Huawei remains on a US blacklist that threatens to choke off the components and software needed to run its smartphone and networking businesses. Those sanctions only took effect in May and may not have been fully reflected in its bottom line.

Huawei is preparing for the worst and is pulling out all the stops right now to boost sales, assigning as many as 10,000 engineers across three shifts a day to work on alternatives to American software and circuitry. I

t's said to be making adjustments to businesses most threatened by the curbs, reassigning employees from the carrier and enterprise units to the faster-growth consumer division.