

Press Release

Tech Mahindra Q2 Revenue at USD 1,072 mn; up 4.0% QoQ EBITDA at USD 160 mn; up 4.5% QoQ

Mumbai – October 27, 2016: Tech Mahindra Ltd., a specialist in digital transformation, consulting and business reengineering today announced the audited consolidated financial results for its second quarter ended September 30, 2016.

Financial highlights for the quarter (₹)

- Revenue at ₹ 7,167 crore; up 8.3% YoY; up 3.6% QoQ
- EBITDA at ₹ 1,070 crore; margins flat QoQ at 14.9%
 - Margins excluding one-time restructuring expense at 16.1% up 12.2% QoQ
- Consolidated PAT at ₹ 645 crore, margins at 9.0%
- Earnings per Share (EPS) was ₹ 7.4 for the quarter ended September 30, 2016

Financial highlights for the quarter (USD)

- Revenue at USD 1,072.4 mn; up 6.1% YoY and 4.0% QoQ
 - Constant currency growth of 7.5% YoY and 5.0% QoQ
- EBITDA at USD 160.3 mn; down 3.2% YoY and up 4.5% QoQ
- Consolidated PAT at USD 96.5 mn, down 18.2% YoY and down 13.4% QoQ

Other Highlights

- Total headcount at 112,886; adds 5,670 professionals during the quarter
 - Software headcount stood at 78,404; BPO at 27,669
- Cash and Cash equivalent of ₹ 4,001 crore as of September 30, 2016
- The Active Client count stood at 825 in Q2

Vineet Nayar, Vice Chairman, Tech Mahindra, said *"Our performance during the financial quarter indicates that our early investments in new technologies and capabilities are starting to show result. We look to continue our growth despite some macroeconomic challenges"*

C P Gurnani, Managing Director & CEO, Tech Mahindra said. *"Overall, it was a very good quarter for us with the growth well-supported by our key Communications and Enterprises businesses. We had some marquee wins which align very well with our strategy of catering to the connected world."*

Key Wins:

- Selected by a leading Asia Pacific Bank for its Digital Workplace Transformation program. As part of this deal, TechM will set up a private cloud for global application delivery platform and help simplify services, reduce response time, bring in cost efficiencies', reduce operational risks and enhance service quality.
- Engaged by a leading ICT Company for its Global Managed IT Services deal, encompassing Business Intelligence, ERP stacks and Application development and maintenance services. Tech Mahindra's strategic partnership with the customer will bring excellence in delivery thus enable revenue growth and enhance profitability
- Chosen by a leading US Telco to transform its enterprise sales solution process. Tech Mahindra will execute it in "as-a-service model:" leveraging its global delivery enabling customer maximize sales.
- Selected by a global Aerospace major for Global roll out, upgrade, maintenance and support for its enterprise asset management (EAM) software. With Automation and global coverage, Tech Mahindra will help optimize supply chain, create central maintenance and support function enabling faster response time.

- Selected by a leading African Telco for its Workforce Management Implementation, Integration and Maintenance services. Tech Mahindra, using advance decision making algorithms and artificial intelligence will help manage and optimize entire service operations.
- Chosen by a leading American truck major for providing engineering services to arrest cost overruns and improve service efficiencies.
- A leading Latin American Petroleum major selected Tech Mahindra for Infrastructure management and support service.
- Chosen by a leading Asia Pacific media Company for Technology Services. Tech Mahindra will help simplify and optimize technology ecosystem and augment service delivery leveraging in-house automation tools.
- Selected by a large African Utility company for the implementation and support of SAP HANA
- A leading Asia Pacific Telco selected Tech Mahindra for access network planning and design service.

Business Highlights:

- The first phase of Securities and Exchange Board of India's (SEBI) new Enterprise Portal went live. In 2015, SEBI had embarked on the digital journey to transform its processes and end-user experience to serve its internal and external customers better, and Tech Mahindra was selected to execute the project.
- Tech Mahindra and Mahindra Comviva launched new Revenue Experience platform called "Data Revenue Booster (DRB)" for mobile operators; DRB allows Communication Service Providers to open up additional revenue opportunities while delivering innovative services to users.

- Tech Mahindra and DxContinuum partnered to offer Cloud-based predictive analytics to deliver next-generation solutions for business-to-business (B2B) sales organizations. The joint offering delivers highly accurate forecasts, dramatically boosts productivity and enables sales teams to get a jump on cross-sell/upsell opportunities on a subscription base.
- Tech Mahindra announced new strategy for Network Services business centered around the theme RUN Better, CHANGE Faster and GROW Greater, a move that is expected to further strengthen Tech Mahindra's leadership in Network Services space.

Awards and Recognitions:

- Tech Mahindra was selected as the best performer in the Forbes Asia's Fab 50 which recognizes the best performing publicly traded large companies in India; there were eight Indian companies in Forbes Asia's Fab 50 list this year
- For the 2nd year in a row, Tech Mahindra made it to the DOW JONES SUSTAINABILITY INDEX, for best practices in sustainability and environment. One amongst the only 3 companies from India to make it to the DJSI World Index!
- Recognized as the "Best Digital Enterprise of the Year" by the Drivers of Digital Awards 2016
- Tech Mahindra featured as a Star Performer in Everest Group's Life Sciences Digital IT Services Service Provider Landscape with PEAK Matrix™ Assessment
- Tech Mahindra featured in the Leadership Zone in Overall Ratings IoT technology services Zinnov Zones
- CP Gurnani, CEO & MD of Tech Mahindra, was recognized as Asia One Global Indian of the Year and Tech Mahindra bagged the best brand (Services)
- Won Indo-American Award for excellence in corporate social responsibility, excellence in manufacturing and excellence in innovation
- Recognized in five categories at 7th Asia Best Employer Brand Awards 2016

- Awarded at the NASSCOM HR Summit for Excellence in HR Technology adoption. Also bagged award for best use of social media in employer branding by the CMO Asia
- Tech Mahindra's Global Test Factory won the prestigious Paragon Award in for Collaboration
- Bagged Firm of the Year - IT/ITes at the CNBC-TV18 India Risk Management Awards

About Tech Mahindra

Tech Mahindra represents the connected world, offering innovative and customer-centric information technology services and solutions, enabling Enterprises, Associates and the Society to Rise™. We are a USD 4.1 billion company with 112,800+ professionals across 90 countries, helping over 825 global customers including Fortune 500 companies. Our innovation platforms and reusable assets connect across a number of technologies to deliver tangible business value to our stakeholders. Tech Mahindra is also amongst the Fab 50 companies in Asia as per the Forbes 2016 List.

We are part of the USD 17.8 billion Mahindra Group that employs more than 200,000 people in over 100 countries. The Group operates in the key industries that drive economic growth, enjoying a leadership position in tractors, utility vehicles, after-market, information technology and vacation ownership.

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Audited consolidated financial results for the quarter ended September 30, 2016 drawn under IND AS

Consolidated Income Statement

(₹ Mn)

Particulars	Quarter Ending		
	Sept-16	June-16	Sept-15
Revenue	71,674	69,209	66,155
Cost of Services	49,717	48,807	44,999
Gross Profit	21,957	20,402	21,156
SG&A	11,256	10,112	10,289
EBITDA	10,701	10,291	10,868
Other Income	1,387	2,458	976
Interest Expense	345	274	175
Depreciation & Amortization	2,447	2,019	1,965
Profit before Tax	9,294	10,433	9,708
Provision for taxes	2,860	2,468	1,906
Minority Interest	13	(464)	(42)
Share of profit / (loss) from associate	(2)	(23)	4.1
Profit after tax	6,447	7,501	7,761
EPS (₹) – including exceptional items			
Basic	7.38	8.59	8.98
Diluted	7.25	8.44	8.75

Disclaimer

Certain statements in this release concerning the future prospects of Tech Mahindra Limited ("the Company" or "TechM") are forward-looking statements. These statements by their nature involve risks and uncertainties that could cause the Company's actual results differ materially from such forward looking statements. The Company, from time to time, makes written and oral forward-looking statements based on information available with the management of the Company and the Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company