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Tech Mahindra Q2 PAT jumps 34% YoY

Revenue at USD 1,179 mn; up 3.6% QoQ

EBITDA margin up 180 bps QoQ

Mumbai, November 1, 2017: 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, 2017.

Financial highlights for the quarter (₹)

- Revenue at ₹ 7,606 crore; up 6.1% YoY and 3.7% QoQ
- EBITDA at ₹ 1,106 crore; margins up 180 bps QoQ, at 14.5%
- Consolidated PAT at ₹ 836 crore; up 29.7% YoY and 4.7% QoQ; margins at 11.0%
- Earnings per Share (EPS) was ₹ 9.52 for the quarter ended September 30, 2017

Financial highlights for the quarter (USD)

- Revenue at USD 1,179.2 mn; up 10.0% YoY and 3.6% QoQ
- EBITDA at USD 171.0 mn; up 6.7% YoY and up 18.1% QoQ
- PAT at USD 129.3 mn, up 33.9% YoY and up 4.4% QoQ

Other Highlights

- Total headcount at 117,225
 - Software headcount stood at 75,587; BPO at 35,287
- Cash and Cash equivalent of ₹ 5,961 crores as of September 30, 2017
- The Active Client count stood at 885 in Q2, adds 21 active clients QoQ

Vineet Nayar, Vice Chairman, Tech Mahindra, said: *“Digital, Domain and Execution remain our focus, as we help global companies transform themselves from IT (Information Technologies) to DT (Digital Technologies). Tech Mahindra has once again proved that despite the occasional headwinds, geopolitical uncertainties and changing demands, we will Rise to grow.”*



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C P Gurnani, CEO & MD, Tech Mahindra, said: *"With our DAVID (Digitalization, Automation, Verticalization, Innovation, Disruption) Strategy at play, we have posted reasonably good growth in the quarter across revenue, profit and new business. I believe that we are bridging the gap between experience and understanding quite well and are displaying agility to embrace changes and opportunities, across all the industries we serve."*

Key Wins driven by D.A.V.I.D. solutions

- Engaged by a global leader in financial products and services for development and support of its customer facing digital products across corporate finance and corporate platforms businesses with the objective of providing an enhanced customer experience and driving cost optimization
- A leading bank in North America has engaged Tech Mahindra for setting up its Center of Excellence (CoE) for Robotics Process Automation (RPA); the CoE will be responsible for driving the bank's automation requirements cutting across all businesses and geographic footprint across all businesses
- Chosen by a leading North American retailer to provide business process management services and improve Customer Experiences by ensuring high service quality
- Selected by a leading telco in the US for providing network support and maintenance services
- Selected by a leading telco in Africa to digitalize its external and internal customer experience and optimize cost and improve operational efficiencies through application consolidation and unified offering
- Bagged a contract from a large Communication Service Provider from APAC region for testing and validation services



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- An American auto ancillary major engaged Tech Mahindra to optimize its IT infrastructure deploying digital tools and technologies

Training & Reskilling

During the quarter, Tech Mahindra has made significant progress in training the employees in various digital technologies as a part of the measure to make them future-ready. At the end of the Q2, close to 70% of the total employee starting from delivery to sales and support have completed training in different modules of Digital technologies such as Big Data/Analytics, Cloud, Mobility, IoT, AR-VR, Machine Learning, Robotics, Bitcoin, and also in processes and architecture patterns such as DevOps, Agile and microservices depending on the requirements. By end of FY18, the company intends to take the number to close to 80%.

Automation is another area where Tech Mahindra is heavily focused on with an aim making the company competitive. During the first two quarters (of FY18), the company has generated productivity worth of over 3,200 persons in different projects encompassing close to half of its employee base in IT. Besides, so far around 11,000 employees have been training in Automation technologies while the company intends to train an additional 10,000 associates during the year.

Business Highlights

- Tech Mahindra and Power Ledger, a blockchain-based peer-to-peer electricity trading platform provider based out of Australia, join hands to unleash the power of Microgrid-as-a-Service.
- Tech Mahindra and PTC open an Industrial IoT Center of Excellence to showcase the technologies that companies can utilize for their digital transformations.
- Tech Mahindra retains ranking in Dow Jones Sustainability Index 2017; one of the only 4 Indian companies to make it to Dow Jones Sustainability Index (DJSI) World Ranking 2017.
- BIO included in top 100 Digital Agencies 2017. The Top 100 Digital Agencies report is the definitive listing of the UK's largest digital agencies.



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- Featured as “High Performers” in HfS Blueprint Report - IT Infrastructure Management and Enterprise Cloud Services.
- Featured as “Major Contenders” in Everest Workplace Service – Market Trends and PEAK Matrix Assessment: “End Users are no Less than Customers!”
- Featured as “Niche Players” in Gartner Magic Quadrant for Data Center Outsourcing and Infrastructure Utility Services, Asia/Pacific.
- Featured in Gartner report “Competitive Landscape: Cloud Service Brokerage.”
- Featured in Gartner report “Market Guide for ITSM Tool Implementation, Consulting and Managed Services.



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About Tech Mahindra

Tech Mahindra represents the connected world, offering innovative and customer-centric information technology experiences, enabling Enterprises, Associates and the Society to Rise™. We are a USD 4.6 billion company with 117,200+ professionals across 90 countries, helping over 885 global customers including Fortune 500 companies. Our convergent, digital, design experiences, innovation platforms and reusable assets connect across a number of technologies to deliver tangible business value and experiences to our stakeholders. Tech Mahindra is amongst the Fab 50 companies in Asia (Forbes 2016 list).

We are part of the USD 19 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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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 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.



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Audited consolidated financial results for the quarter ended September 30, 2017 drawn under IND AS

Consolidated Income Statement

(₹ Mn)

| Particulars | Quarter Ending | | |
|--|----------------|---------------|---------------|
| | Sept - 17 | June - 17 | Sept -16 |
| Revenue | 76,064 | 73,361 | 71,674 |
| Cost of Services | 53,789 | 52,818 | 49,717 |
| Gross Profit | 22,275 | 20,543 | 21,957 |
| SG&A | 11,218 | 11,196 | 11,256 |
| EBITDA | 11,057 | 9,347 | 10,701 |
| Other Income | 3,222 | 4,107 | 1,387 |
| Interest Expense | 386 | 370 | 345 |
| Depreciation & Amortization | 2,653 | 2,468 | 2,447 |
| Profit before Tax | 11,240 | 10,616 | 9,294 |
| Provision for taxes | 2,847 | 2,698 | 2,860 |
| Minority Interest | (31) | 68 | 13 |
| Share of profit / (loss) from associate | 0 | 0 | (2) |
| Profit after tax | 8,362 | 7,986 | 6,447 |
| EPS (₹) – including exceptional items | | | |
| Basic | 9.52 | 9.10 | 7.37 |
| Diluted | 9.40 | 8.98 | 7.25 |