

Press Release

Tech Mahindra continues growth momentum

Revenue up 4.4% QoQ and 17.2% YoY

Growth from key verticals - Telecom, Manufacturing and BFSI

Chennai – February 04, 2014: Tech Mahindra Ltd., an enabler of future digital enterprises today announced the audited consolidated financial results for its third quarter ended December 31, 2013.

Financial highlights (INR)

- Revenue at INR 4,899 crore; up 33.5% YoY and 2.7% QoQ
- Operating profit (EBITDA) at INR 1,136 crore; up 42.8% YoY and 2.3% QoQ
- Consolidated PAT before exceptional items and tax write back at INR 663 crore
- Consolidated PAT at INR 1,010 crore; up 214.1% YoY and 40.6% QoQ
- Earnings per Share (EPS) at INR 43.47 for the quarter ended December 31, 2013

Financial highlights (USD)

- Revenue at USD 791 mn; up 17.2% YoY and 4.4% QoQ
- Operating profit (EBITDA) at USD 183.5 mn; up 25.3% YoY and 4.3% QoQ
- Consolidated PAT before exceptional items and tax write back at USD 107.0 mn
- Consolidated PAT at USD 163.1 mn up 175.7% YoY and 43.5% QoQ.

Other Highlights

- Total headcount for the year at 87,399, QoQ net addition of 2,165
 - Software Professional headcount stood at 57,601, BPO at 23,213 and Sales & support at 6,585
- Debt at INR 342 crore as of December 31, 2013
- Cash and Cash equivalent at INR 3,459 crore as of December 31, 2013
- Active Client count stood at 605 in Q3FY14 vs 576 in Q2FY14

- Board has approved an increase in Tech Mahindra's FII limit from present 45% to 48%. The shareholders at its AGM held on 26th September 2013 had delegated the Board authority to increase FII shareholding limit to 49%

Vineet Nayyar, Executive Vice Chairman, Tech Mahindra, said, *"We are pleased to report another successful quarter where growth has come from our main verticals – Telecom, Manufacturing and BFSI. We remain confident of the success of our differentiated offerings."*

C P Gurnani, Managing Director & CEO, Tech Mahindra said, *"Our results are a testimony to the fact that our strategy and investments are aligned with market drivers and demands. Our focus on connected solutions for digital enterprises will continue to drive this momentum."*

Key Wins:

- A leading ASEAN Telco has partnered with Tech Mahindra in integration and enterprise information management space. The scope will help the Telco optimize its costs and improve delivery and support
- A leading Australian diversified financial services group selected TechM Mahindra for its platform based managed services. The deal encompasses areas of Application maintenance, Infrastructure, & Business Services for its superannuation and investment products enabling client to focus on its core strength
- A leading US based niche insurance service provider has awarded Tech Mahindra a large transformational IT services deal covering development of its entire suite of policy administration and billing along with development of claim systems as a part of its business process re-engineering
- Chosen by a major supercar OEM, to provide engineering services in mechanical and electronics areas and also support new product development. Tech Mahindra through transformational engineering will help quicker turnaround time at an optimal cost
- Engaged by a global aerospace and defense manufacturer for developing engineering and graphic designing solutions

- Selected by a leading telecommunications company in Australia for its operations support system's (OSS) performance & capacity monitoring solutions. Tech Mahindra will help enhance client's service assurance capabilities
- A leading European automotive giant has chosen Tech Mahindra to provide application maintenance outsourcing (AMO) services to help its strategic initiative of cost optimization
- Won a deal from a leading broadband service provider from New Zealand for system implementation and integration services helping maintain its competitive edge
- Awarded a multi-year deal for application infrastructure transformation and application monitoring services by a leading bank from India
- Engaged by a global leader in energy management for providing engineering & IT outsourcing services for China wide operations
- A large Middle East based LNG Company has chosen Tech Mahindra to upgrade and enhance its ERP systems

Business Highlights:

- Announced merger of Mahindra Engineering Services (MES) with Tech Mahindra Limited. This merger, subject to necessary regulatory approvals, will see the creation of one of the prominent players providing engineering services from India with strengths in Aerospace and Automotive verticals. MES boasts of 1300+ employees and revenues of INR 250.59 crore as of FY13.
- Launched Global Center of Excellence (CoE) with Hewlett Packard (HP) in Bangalore. This Center will focus on IT Application and IT Infrastructure Performance Management solutions that transform customers' IT Operations landscape through automation and unification of key services.
- Announced enhancement of its leadership team for its European operations comprising Rajesh Chandiramani, as Head – Enterprise Business, Continental Europe, Michael Jonesen as Head – Enterprise Sales, Denmark, Jonas Bränning as Country Manager,

Enterprise Business: Sweden, Fabrice Haccoun as Country Manager, Enterprise Business: France, Jean-Louis Bravard, Senior Advisor, Europe, and Patrick Angert, Senior Advisor, Europe

Awards and Recognitions:

- Tech Mahindra received 2013 Supplier Award for outstanding performance and contribution from BASE (KPN's subsidiary in Belgium). Tech Mahindra was one of only three suppliers of 125 to receive this award and the only one in the IT Services space
- Tech Mahindra's Knowledge Management Practice once again got selected as one of the InformationWeek EDGE winners. EDGE awards are given to Enterprises Driving Growth Excellence and Innovation Using IT.
- Recognized among the top 4 global product engineering R&D service providers for the second consecutive year by Zinnov Management Consulting Pvt. Ltd
- CanvasM's Device Testing Lab (CDTL) in New Jersey received the coveted PTCRB recognition for the UTRA and E-UTRA device technologies as of December 5, 2013. This is a significant milestone for this multi-million dollar lab, and will open doors to several Global OEMs based out of North American region
- Mahindra Comviva won the prestigious AfricaCom 2013 Awards in the 'Best Mobile Money service' category for EcoCash, the mobile payment service offered by Econet, Zimbabwe, that is powered by Tech Mahindra's mobiquity® mMoney solution
- Was awarded the "2013 SAP ACE Award" as a partner delivering SAP
- Secured 4th Position in CDP's Climate Disclosure Leadership Index (CDLI)-India for its commitment towards reducing Carbon Emission
- The Learning Teams of Tech Mahindra were awarded the 2014 Top 125 Training award for the second time for demonstrating an unrelenting focus on effective training and employee development aligned to corporate goals and measurable results
- Tech Mahindra's Global Test Factory was awarded Best Use of Tools and Best Overall Project at the inaugural TESTA European Test 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 2.9 billion company with 87,300+ professionals across 49 countries, helping over 605 global customers including Fortune 500 companies. Our Consulting, Enterprise and Telecom solutions, platforms and reusable assets connect across a number of technologies to derive tangible business value.

We are part of the USD 16.7 billion Mahindra Group that employs more than 180,000 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

Audited consolidated financial results for the quarter ended December 31, 2013

Consolidated Income Statement

(INR Mn)

Particulars	Quarter Ending		
	Dec-13	Sept-13	Dec-12 [#]
Revenue from services	48,985	47,715	36,683
Cost of Services	30,012	28,826	22,761
Gross Profit	18,974	18,889	13,923
SGA	7,610	7,779	5,965
Operating Profit	11,363	11,110	7,958
Other Income	(457)	380	1,308
Interest Expense	236	241	204
Depreciation	1,396	1,222	866
Profit before Tax	9,274	10,028	8,197
Provision for taxes	264	2,840	1,931
Non Recurring / Exceptional Items	1,200	-	(2,940)
Minority Interest	(111)	(4)	(109)
Profit after tax	10,099	7,184	3,215
EPS (INR) – including exceptional items			
Basic	43.47	30.96	13.91
Diluted	42.41	30.27	13.58

Company has not obtained the audit opinion on the merged entity's consolidated financials for Q3 FY13. However the basis and the Financials of Merged entity for FY13 have been uploaded on Company's website in the investor relations section.