

Tech Mahindra Q4 PAT at Rs 303 crore, up 228% YoY

Press Release - Mumbai, India, May 23, 2012

Tech Mahindra, India's leading software exporter today announced audited consolidated financial results for its fourth-quarter and year ended March 31, 2012. The fourth quarter revenues was at Rs 1,419 crore; up 13% YoY and Full year Revenues was at Rs 5,490 crore; up 7% YoY. Tech Mahindra's consolidated Net profit after tax (PAT) for Q4 was at Rs 303 crore, up 228% YoY and full year PAT was at Rs 1,095 crore, up 70% as compared to previous year.

Financial highlights for the Quarter (INR)

- Consolidated Revenues at Rs 1,419 crore; up 13% YoY and down 2% QoQ
- Operating Profit (EBIDTA) at Rs 239 crore; down 8% YoY and up 2% QoQ.
- EBIDTA margins expand by 90 bps QoQ
- Consolidated PAT at Rs 303 crore; up 228% YoY and up 10% QoQ
- Earnings per Share (EPS) was at Rs 29.16 for the quarter ended March 31, 2012

Financial highlights for the Quarter (USD)

- Revenues at USD 282 mn; up 1% YoY and down 2% QoQ
- Revenue on constant currency basis was at USD 282 mn
- Operating Profit (EBIDTA) was USD 48 mn; down 17% YoY and up 3% QoQ
- Consolidated PAT was at USD 62 mn; up 203% YoY and up 15% QoQ

Financial highlights for the Year (INR)

- Full year Revenues at Rs 5,490 crore; up 7% YoY
- EBIDTA at Rs 919 crore; down 8% YoY
- Consolidated PAT at Rs 1,095 crore; up 70% YoY
- Earnings per Share (EPS) was Rs 87.92 for the year ended March 31, 2012

Financial highlights for the Year (USD)

- Revenues at USD 1,156 mn; up 3% YoY
- Revenue on constant currency basis at USD 1,144 mn
- Operating Profit at USD 194 mn; down 12% YoY
- PAT at USD 230 mn up 63% YoY

Other Highlights

- The Board of Directors have recommended a dividend of Rs 4/- per share (40 %) for FY 2011-12
- Added 2,430 personnel during the year, taking total headcount to 40,763. Software Professional headcount stood at 24,833, BPO at 14,792 and Support staff at 1,138
- Debt was at Rs 1,127 crore as of March 31, 2012; a decrease of Rs 250 crore during the quarter
- Cash and Cash equivalent was Rs 402 crore on balance sheet as of March 31, 2012
- Active Client count stood at 130

Business Highlights for the Quarter ended March 31, 2012

- **Merger** of Tech Mahindra and Mahindra Satyam was announced during the quarter, heralding the **creation of a formidable top-tier global player**. The Combined entity **would emerge as one of India's largest IT companies**. The exchange ratio recommended by the valuers and approved by both the boards is 2 shares of Tech Mahindra (face value of Rs. 10 each), for every 17 shares of Mahindra Satyam (face value of Rs. 2 each). Tech Mahindra will issue 10.34 crore new shares, thereby increasing its outstanding shares to 23.08 crore and its equity capital to Rs 230.8 crore.
- **Tech Mahindra and RedKnee** announced the launch of **'Telco in-a-box**, Solution at Mobile World Congress, Barcelona. The solution will provide MVNO/Es with a low-risk, flexible approach that can be launched to the market in weeks.
- Tech Mahindra along with Mahindra Satyam announced the signing of a **Memorandum of Understanding (MOU) with Indian Statistical Institute (ISI)** for broad collaboration in the field of analytics for the Telecom vertical. The MOU will leverage companies domain strengths and leadership along with ISI's academic brilliance in the field of Analytics to develop joint solutions in data mining and data analytics.
- Tech Mahindra **inaugurated Performance Engineering Lab in Pune** the lab demonstrates TechM's commitment to innovation and helps the client to reduce the time-to-market and enhances end user experience. The lab in the mould of innovation/capability factory will help Tech Mahindra to build new capabilities and also serve as a platform to train the associates.
- Tech Mahindra added to its footprint in Hinjewadi, **inaugurated a new bloc in the campus**, adding a **capacity of 2,222 seats**. With the addition of this new Bloc, the total capacity of the **Hinjewadi campus is currently over 10,500 seats**

Vineet Nayar, Vice Chairman, MD and CEO of Tech Mahindra said, *"The intrinsic strength of our service offerings has led to growth in our key customer relationships, however our performance this quarter has been impacted by some exceptional events. We continue to remain focused on our core competencies which will enable us to better serve our customers"*

Key wins

- **Chosen by a leading European Telco** for managing the operation and delivery of **Vendor Access Services (VAS)**.
- Engaged by a **leading Global Telco for transformation of its Sales Operations System**. The scope involved automation of the sales and distribution system, sales planning, and stock distribution management.
- Won a multiyear multimillion dollar deal **to provide production support** for mission critical applications covering customer care and mediation processes in the areas of LTE (Mobility 4G) and IT Network Delivery for a **Tier I operator in North America**.
- **Won a multiyear deal with Leading European Telco** for managing its Unified Ticketing System implementation. As part of the deal TechM will be implementing BMC ITSM suite in two of client's European locations. With this win, TechM has made a successful entry in to Clients "Preferred Suppliers List for OSS Domain".

Awards and Recognitions

- 🏆 **CanvasM test lab has been accredited** by a top tier telecom player in North America for LTE testing, thus becoming the **only Lab outside the USA** and the second Lab in the world to achieve this immensely credible and creditable recognition.
- 🏆 **CanvasM bags the Rural Marketing award** from World **Brand Congress in the field of "Innovative ideas for Rural Development"**. **Saral Rozgar** is a first of its kind **assisted VAS platform** that caters to the job requirements of blue collared workers. It has more than 35,000 job seekers as subscribers and 500 job providers with more than 4,000 job postings.

Financials

Audited consolidated financial results for the quarter and year ended 31st March, 2012 drawn under Indian GAAP

Consolidated Income Statement

(in INR million)

Particulars	Quarter Ending			Year Ending	
	Mar-12	Dec-11	Mar-11	Mar-12	Mar-11
Revenue from services	14,190	14,449	12,615	54,897	51,402
Cost of Services	9,312	9,861	7,987	36,782	34,028
Gross Profit	4,879	4,588	4,628	18,115	17,374
SGA	2,487	2,245	2,038	8,921	7,341
Operating Profit	2,392	2,343	2,590	9,194	10,033
Other Income	(211)	147	317	982	1,175
Interest Expense	131	338	213	1,026	999
Depreciation	383	390	387	1,613	1,435
Profit before Tax	1,668	1,762	2,307	7,537	8,774
Provision for taxes	242	294	226	1,437	1,316
Profit after tax before Exceptional Items	1,426	1,468	2,082	6,099	7,458
Non Recurring / Exceptional Items	(679)	-	-	(679)	-
Minority Interest	-	(24)	(16)	(36)	(21)
Share of profit/(loss) including earlier period items in Associate: Satyam Computer Services Limited	2,278	1,315	(1,144)	5,570	(996)
Profit after tax	3,025	2,760	921	10,954	6,441
EPS (Rs) – excluding nonrecurring/exceptional items					
Basic	29.16	21.76	7.39	87.92	51.60
Diluted	28.03	20.91	7.06	84.52	49.34
EPS (Rs) – including non recurring/exceptional items					
Basic	27.49	21.76	7.39	86.25	51.60
Diluted	26.43	20.91	7.06	82.91	49.34

Consolidated Balance Sheet

(in INR Million)

Particulars	Year Ending	
	Mar-12	Mar-11
Equity and Liabilities		
Shareholder's Funds		
Share Capital	1,275	1,260
Reserves and Surplus	39,233	32,254
Share Application money pending allotment	-	-
Minority Interest	-	159
Non Current Liabilities		
(A) Long term borrowings	6,000	6,400
(B) Other Long term liabilities	4,295	3,917
(C) Long term provisions	1,886	1,458
Current Liabilities		
(A) Short term borrowings	5,266	5,427
(B) Trade payables	3,649	2,474
(C) Other current liabilities	6,080	5,582
(D) Short term provisions	1,506	1,621
Total	69,191	60,553
Assets		
Non Current Assets		
(A) Fixed Assets		
Tangible Assets	6,729	6,107
Intangible Assets	139	63
Capital Work in Progress	1,629	608
(B) Non Current Investments	34,271	28,701
(C) Deferred Tax asset	998	638
(D) Long term loans and advances	3,384	4,146
Current Assets		
(A) Current Investments	1,605	379
(B) Inventories	2	6
(C) Trade Receivables	13,172	10,361
(D) Cash and cash equivalents	2,418	2,665
(E) Short term Loans and Advances	4,845	6,879
Total	69,191	60,553

Key Operating Metrics

Particulars	Quarter Ending		
	Mar-12	Dec-11	Mar-11
Total Headcount (As at period-end)			
S/w Professionals	24,833	25,218	26,282
BPO Professionals	14,792	16,419	11,011
Sales & Support	1,138	1,109	1,040
Total Employees	40,763	42,746	38,333
Revenue by Geography (%)			
North America	34%	33%	32%
Europe	46%	45%	52%
Rest of World	20%	22%	16%
Total	100%	100%	100%
No. of Active Clients	130	130	128
No. of Million \$ Clients			
≥ \$1 million clients	60	63	55
≥ \$2 million clients	38	41	37
≥ \$5 million clients	28	28	21
≥ \$10 million clients	15	15	15
≥ \$15 million clients	9	9	8
≥ \$20 million clients	7	7	7
≥ \$25 million clients	5	4	4
≥ \$50 million clients	2	2	3
Client contribution to revenue			
Top client	37%	35%	41%
Top 5	71%	67%	70%
Top 10	80%	77%	79%
Revenue On/Off Break-up (in %)			
Onsite	39%	39%	37%
Offshore	61%	61%	63%
IT Utilization %	74%	73%	74%



About Tech Mahindra

Tech Mahindra is a leading provider of solutions and services to the telecommunications industry, majority stake owned by Mahindra & Mahindra Limited, in partnership with British Telecommunications plc. With total revenue of INR 5,490 crores in the year ended March 31, 2012, Tech Mahindra serves telecom service providers, equipment manufacturers, software vendors and systems integrators. Tech Mahindra solutions enable clients to maximize returns on IT investment by achieving fast time to market reduced total cost of ownership and high customer satisfaction. Tech Mahindra achieves this through its domain and process expertise, distinctive IT skills, research and development, proven innovative delivery models and approach to off-shoring.

Assessed at SEI-CMMi Level 5, Tech Mahindra's track record for value-delivery is supported by 40,750 professionals who provide a unique blend of culture, domain expertise and in-depth technology skill-sets. Its development centers are ISO 9001:2000 & BS7799 certified. Tech Mahindra has principal offices in the UK, United States, Germany, UAE, Egypt, Singapore, India, Thailand, Taiwan, Malaysia, Philippines, Canada & Australia.

Tech Mahindra Ltd is part of the \$14.4 billion Mahindra Group, a global industrial federation of companies and one of the top 10 business houses based in India. The Group's interests span automotive products, aviation, components, farm equipment, financial services, hospitality, information technology, logistics, real estate and retail.

For more information on the financials, please refer to the fact sheet and the results advertisement on the investor section of the website: www.techmahindra.com or contact the following

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