

Tech Mahindra enters billion dollar league

Press Release - Mumbai, India, May 26, 2011

Tech Mahindra, India's fifth largest software exporter, today announced consolidated financial results for its fourth-quarter and Year ended March 31, 2011. The fourth quarter revenue was at Rs 1,261.5 crores; up 4.2% QoQ and Full year Revenue was at Rs 5,140.2 crores; up 11.1% YoY. Tech Mahindra's Net profit after tax (PAT) before share of profit/loss in associate was at Rs 206.5 crores, up 0.5% QoQ.

For the Quarter, Tech Mahindra's associate company Mahindra Satyam reported improved results with operating margins improving from 6.4 % in third quarter of FY11 to 13.0 % in the fourth quarter of FY11. Mahindra Satyam also announced the successful settlement of the US class action suit at a cost of USD 125 mn. Including this exceptional cost Mahindra Satyam reported a loss for the quarter. Tech Mahindra's PAT including share of associate Company's loss of Rs 114.4 crores for the quarter was at Rs 92.1 crores.

Financial highlights for the Quarter (INR)

- Revenue at INR 1,261.5 crores; up 6.6% YoY and 4.2% QoQ
- Operating Profit (EBIDTA) was INR 259.0 crore; down 7.1% YoY and up 3.7% QoQ
- PAT excluding share of associate company's loss was Rs 206.5 crores; down 9.0% YoY and up 0.5% QoQ
- Earnings per Share (EPS) was Rs 7.39 for the quarter ended March 31, 2011

Financial highlights for the Quarter (USD)

- Revenue at USD 278.5 mn; up 7.7% YoY and 3.6% QoQ
- Revenue on constant currency basis was at USD 275.9 mn, up 2.6% QoQ
- Operating Profit (EBIDTA) was USD 57.1 mn; down 6.5% YoY and up 3.1% QoQ
- PAT excluding share of associate company's loss was USD 45.6 mn; down 8.4% YoY and up 0.3% QoQ

Financial highlights for the Year (INR)

- Revenue at INR 5,140.2 crores; up 11.1% YoY
- EBIDTA was INR 1,003.3 crores; down 11.4% YoY
- PAT excluding share of associate company's loss was Rs 743.7 crores; up 6.2% YoY
- Earnings per Share (EPS) was Rs 51.6 for the year ended March 31, 2011

Financial highlights for the Year (USD)

- Revenue at USD 1,126.6 mn; up 15.4% YoY
- Revenue on constant currency basis was at USD 1159.7 mn, up 18.8% YoY
- Operating Profit was USD 219.3 mn; down 8.6% YoY
- PAT excluding share of associate company's loss was USD 162.6 mn up 9.0% YoY

Other Highlights for the quarter and Year ended March 31, 2011

- The Board of Directors recommended a dividend of Rs 4 per share (40%) for FY 2010-11
- Added 4,809 personnel during the year taking total headcount to 38,333. Software Professional headcount stood at 26,282, BPO at 11,011 and Support staff at 1,040
- Added 4,125 personnel during the quarter, of which 2,522 were in BPO
- Debt was Rs 1,222.7 crores as of March 31, 2011
- Cash and Cash equivalent was Rs 304.7 crores on balance sheet as of March 31, 2011
- 15 new clients added during the year, taking the Active Client count to 128

Business Highlights for Quarter ended March 31, 2011

- Tech Mahindra expanded its executive team with the appointment of Mr. Amitava Roy as Chief Operating Officer, responsible for service delivery of BT. Amitava has successfully led several businesses in Telecom, Wireless, Enterprise Consulting and Outsourcing and has worked with several leading IT companies in a career spanning 3 decades
- Tech Mahindra's capabilities in cloud service were significantly boosted by creating of a cloud competence lab in Hinjewadi Pune. This Lab will enable Tech Mahindra's customers to benefit from best of the breed technologies and assist them in their business objectives of revenue enhancement from cloud based services
- Progressing on its engagement with Airtel Africa, Tech Mahindra has already commenced BPO operations in five countries, while remaining two are expected to go live this quarter. This has helped Tech Mahindra create a permanent base of operation in African continent
- Continuing on its Geographic diversification, Tech Mahindra launched its BPO operations in Philippines through a large multimillion dollar engagement with a leading full-service telecommunications company in the Philippines.
- Inaugurated state-of-the art development centre in Sirius Business Park, Bonn, Germany, encompassing fully-equipped infrastructure to service clients in Germany as well as Central Europe.

Anand Mahindra, Chairman, Tech Mahindra said, "This has been a year of recovery from a severe slowdown in the telecom vertical. Our growth this year is due to our unwavering focus on customer centricity and our ability to challenge conventional logic to better serve the needs of our customers."

Vineet Nayyar, Vice Chairman, MD and CEO of Tech Mahindra said, "Our recent wins lend credence to our belief that we are well positioned to meet the changing market needs. We are hopeful of being able to continue this momentum into the next year"

Key wins & operational highlights

- Secured a five-year Managed Services deal from a leading mobile telecommunications service provider in Australia. Tech Mahindra will be a strategic partner, responsible for consolidating and managing the entire systems stack and associated services. It will also enable the customer to achieve greater efficiency to improve its end customer experience.
- In partnership with a leading telecom equipment manufacturer , was chosen by a leading Middle East service provider to assist in transformation of their legacy platform. This will help customer augment the value of its core business system, reduce the time to market, ability to launch new services and enhance the customer experience.
- Tech Mahindra through its VAS subsidiary Canvas M, has been chosen as a strategic partner by a leading Telecom Equipment Manufacturer for roll out of 2G / 3G / LTE devices for a leading US Telecom. Tech Mahindra will be engaged in testing at its device testing lab in Noida. This pre certification will enable a faster roll out for the US Operator's network.
- Partnered with one of the leading telecommunications service providers in Europe to setup its Enterprise Service Business. Tech Mahindra worked with the service provider to facilitate Webservice based integration between its multiple IT systems and further provide a single access point to integrate new systems with minimal configurations. This will enable the operator to manage its IT requirements like Communication, Security, Performance and operation to launch new products and services with faster time to market.

Awards and Recognitions

- 🏆 Commitment to excellence over the past year has earned Tech Mahindra recognition as a **2011 AT&T Supplier Award winner** for its support of affiliates of AT&T, one of the world's leading data, voice, wireless and Internet services providers
Tech Mahindra was **one of only seven suppliers** to receive the 2011 AT&T Supplier Award for its work in helping AT&T deliver outstanding service to its customers during the past year. Tech Mahindra was recognized for its contributions across a broad scope of criteria including cost management solutions, teamwork, customer service, product and service performance, diversity results and sustainability
- 🏆 '**System Integrator of the Year in the Telecom sector**' award by a **leading global Analyst and Research firm** as a part of the India IT & Telecom Excellence Award. This award recognizes Tech Mahindra's exceptional business performance for the year 2010 in the Indian region.

Financials

Audited consolidated financial results for the quarter and year ended 31st March, 2011 drawn under Indian GAAP

Consolidated Income Statement

(in INR million)

Particulars	Quarter Ending			Year Ending	
	Mar-11	Dec-10	Mar-10	Mar-11	Mar-10
Revenue from services	12,615	12,111	11,833	51,402	46,254
Cost of Services	7,987	7,882	7,373	34,028	28,711
Gross Profit	4,628	4,229	4,460	17,374	17,543
SGA	2,038	1,731	1,672	7,341	6,218
Operating Profit	2,590	2,498	2,788	10,033	11,325
Other Income	317	521	739	1,175	754
Interest Expense	213	252	311	999	2,184
Depreciation	387	347	399	1,435	1,339
Profit before Tax	2,307	2,420	2,817	8,774	8,556
Provision for taxes	226	359	542	1,316	1,440
Profit after tax before Exceptional Items	2,082	2,061	2,275	7,458	7,117
Non Recurring / Exceptional Items	0	0	0	0	(85)
Minority Interest	(16)	(6)	(6)	(21)	(27)
Share of profit/(loss) including earlier period items in Associate: Satyam Computer Services Limited	(1,144)	515	0	(996)	0
Profit after tax	921	2,570	2,270	6,441	7,004
EPS (Rs) – excluding non recurring/exceptional items					
Basic	7.39	20.65	18.60	51.61	58.10
Diluted	7.06	19.73	17.41	49.34	54.37
EPS (Rs) – including non recurring/exceptional items					
Basic	7.39	20.65	18.60	51.61	57.41
Diluted	7.06	19.73	17.41	49.34	53.72

Consolidated Balance Sheet

(in INR Million)

Particulars	Year Ending	
	Mar-11	Mar-10*
Shareholders' funds		
Share Capital	1,260	1,223
Reserves and Surplus	32,254	27,642
Loan Funds	12,227	13,672
Minority Interest	159	139
Deferred Revenue	5,837	7,677
Total	51,737	50,353
Fixed Assets	7,275	7,231
Investments	29,080	30,145
Deferred Tax Assets	638	276
Current Assets, Loans & Advances		
Sundry Debtors	12,468	10,420
Cash and Bank balances	2,666	2,187
Loans and advances	8,321	8,760
	23,455	21,366
Less: Current Liabilities and Provisions		
Current Liabilities	5,651	5,895
Provisions	3,080	2,770
Net Current Assets	14,744	12,701
Total	51,737	50,353

* Previous period figures have been regrouped/rearranged wherever necessary

Key Operating Metrics

Particulars	Quarter Ending			Year Ending	
	Mar-11	Dec-10	Mar-10	Mar-11	Mar-10
Total Headcount (As at period-end)					
S/w Professionals	26,282	24,673	24,405		
BPO Professionals	11,011	8,489	8,067		
Sales & Support	1,040	1,046	1,052		
Total Employees	38,333	34,208	33,524		
Revenue by Geography (%)					
North America	32%	32%	30%	30%	29%
Europe	52%	54%	57%	50%	59%
Rest of World	16%	14%	13%	20%	12%
Total	100%	100%	100%	100%	100%
No. of Active Clients	128	126	113		
No. of Million \$ Clients					
≥ \$1 million clients	55	53	48		
≥ \$2 million clients	37	39	33		
≥ \$5 million clients	21	20	18		
≥ \$10 million clients	15	15	11		
≥ \$15 million clients	8	8	8		
≥ \$20 million clients	7	6	5		
≥ \$25 million clients	4	5	4		
≥ \$50 million clients	3	3	2		
Client contribution to revenue					
Top client	41%	44%	46%		
Top 5	70%	72%	72%		
Top 10	79%	81%	81%		
Revenue On/Off Break-up (in %)					
Onsite	37%	37%	38%	36%	38%
Offshore	63%	63%	62%	64%	62%
IT Utilization %	74%	76%	73%	74%	73%

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 5,140.2 crores in the year ended March 31, 2011, 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 38,300 professionals who provide a unique blend of culture, domain expertise and in-depth technology skill-sets. Its development centres 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 \$11.1 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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