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Quarterly Result Update

TECH MAHINDRA LIMITED

August 07, 2018

Tech Mahindra

Current Price: ₹ 666.35

STOCK DATA

BSE Code	532755
NSE Symbol	TECHM
Reuters	TEML.BO
Bloomberg	TECHM IN

VALUE PARAMETERS

52 W H/L(Rs)	729.00/392.00
Mkt. Cap.(Rs Cr)	65341.76
Latest Equity(Subscribed)	490.30
Latest Reserve (cons.)	18398.80
Latest EPS (cons.) -Unit Curr.	39.71
Latest P/E Ratio -cons	16.78
Latest Bookvalue(cons.) -Unit Curr.	192.63
Latest P/BV - cons	3.46
Dividend Yield -%	1.89
Face Value	5

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 30/06/2018
Foreign	39.58
Institutions	12.83
Govt Holding	0.17
Non Promoter Corp. Hold.	1.84
Promoters	35.98
Public & Others	9.61

Consolidated Financial Results

In Cr.

	Qtr Ended Jun. 18	Qtr Ended Mar. 18	VAR %	Qtr Ended Jun. 17	VAR %
Sales	8276.28	8054.50	3	7336.1	13
OPM (%)	16.25	17.53		12.74	
OP	1345.05	1411.89	-5	934.69	44
Other income	111.44	451.30	-75	410.69	-73
PBIDT	1456.49	1863.19	-22	1345.38	8
Interest	30.52	52.71	-42	36.95	-17
PBDT	1425.97	1810.48	-21	1308.43	9
Depreciation	280.77	298.64	-6	246.84	14
PBT	1145.2	1511.84	-24	1061.59	8
Tax	245.73	281.04	-13	269.8	-9
PAT	899.47	1230.8	-27	791.79	14
EPS (Rs)	10.18	13.93		9.01	

Tech Mahindra Ltd.'s profit met estimates even as it fell for the first time in five quarters.

IT services firm Tech Mahindra reported 14% rise in consolidated net profit at Rs 899.47 crore for the first quarter ended June 2018. The firm had registered a net profit of Rs 791.79 crore in the corresponding quarter of the last fiscal.

However, OPM fell by sharp 351 bps YoY to 16.25% and after this operating profit went up by 44% YoY to Rs 1345.05 crore. The fall in interest cost (down by 17% YoY to Rs 30.52 crore) was offset by the higher depreciation (up by 14% YoY to Rs 280.77 crore) during the quarter.

The consolidated revenue stood at Rs 8,276.38 crore in the quarter under review, up 13% from Rs 7,336.10 crore in the year-ago period.

Financial highlights for the quarter (USD)

- Revenue at USD 1,224.1 mn; up 7.5% YoY and down 1.6% QoQ
  - o Revenue growth up 0.3% in Constant Currency terms
- EBITDA at USD 199.6 mn; up 37.8% YoY and down 8.1% QoQ
- Consolidated PAT at USD 131.8 mn, up 6.5% YoY and down 29.9% QoQ

Other Highlights

- Total headcount at 113,552, up 745 QoQ
  - o Software headcount stood at 72,462; BPO at 34,700
- Cash and Cash equivalent of Rs 8,413 crore as of June 30, 2018
- The Active Client count stood at 926 in Q1, adds 13 active clients QoQ

Management Comments

C P Gurnani, Managing Director & Chief Executive Officer, Tech Mahindra said. "The overall business growth trajectory for the FY 19 is on track. While business seasonality has affected the current quarter, our Run Change Grow Strategy with strong focus on digital

transformation is keeping the business buoyant. The changing demand landscape for next generation technologies is going to fuel the digital business further."

CP Gurnani added: "I would like to thank Vineet Nayyar for his leadership, guidance and immense contribution towards Tech Mahindra's journey as a global digital transformation leader for over a decade. Although Vineet has decided to retire, he will continue to be our guiding force" He added "I would also like to welcome on – board our new Chief People Officer Harshvendra Soin"

Manoj Bhat, CFO, Tech Mahindra said. "We will continue to focus on our journey of margin improvement in FY19; while the global macros, including currency, continue to be volatile, we are working with a multipronged approach of enhancing operational efficiencies, embracing new-age delivery, reskilling and increasing value per employee".

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