Tech Mahindra Limited
Audited Financial Results for the Quarter ended June 30th, 2013

PART I — **Rs. In Lakhs**

	Particulars	Quarter ended June 30, 2013 (Refer Note 5)	Quarter ended March 31, 2013 (Refer Note 5 & 6)	Quarter ended June 30, 2012 (Refer Note 5)	Year ended 31st March 2013 (Refer Note 5)
1	Income from Operations	355,288	149,650	149,500	600,189
2	Expenses				
	a) Employee benefits expense	167,792	62,133	62,711	251,378
	b) Travelling Expenses	13,563	5,706	4,183	19,555
	c) Services rendered by Business Associates & Others	57,663	42,153	37,364	155,243
	d) Depreciation and amortization expense	10,172	4,200	3,702	15,701
	e) Other expenses	40,599	12,092	14,052	56,176
	Total Expenses	289,789	126,284	122,012	498,053
3	Profit from operations before other income and finance costs(1-2)	65,499	23,366	27,488	102,136
4	Other Income				
	Miscellaneous income	6,993	762	582	3,395
	Exchange gain / (loss)	9,136	(3,195)	(3,763)	(12,910)
	Total	**16,129**	**(2,433)**	**(3,181)**	**(9,515)**
5	Profit before finance costs (3+4)	81,628	20,933	24,307	92,621
6	Finance costs				
	Interest cost on borrowing	1,715	2,661	1,950	9,351
	Currency translation loss / (gain) on Foreign Currency Loan	910	544	452	1,548
	Total	**2,625**	**3,205**	**2,402**	**10,899**
7	Profit before tax (5-6)	79,003	17,728	21,905	81,722
8	Tax expense	19,116	4,148	5,155	16,470
9	Net Profit after tax (7-8)	59,887	13,580	16,750	65,252
10	Paid-up Equity Share Capital (Face Value of Share Rs. 10)	12,877	12,812	12,755	12,812
11	Consideration on amalgamation pending allotment (Face Value of Share Rs. 10)	10,349	-	-	-
12	Loan Funds - Listed Debentures	30,000	60,000	60,000	60,000
13	Reserves excluding revaluation reserve	-	-	-	376,921
14	Debenture Redemption Reserve	-	-	-	53,379
15	Earnings Per Share (Rs.):(Not Annualized) This has been computed after taking into account the Equity Shares relating to the consideration on amalgamation pending allotment.				
	- Basic	25.83	10.64	13.14	51.10
	- Diluted	25.30	10.20	12.63	48.99
16	Ratios				
	- Debt Equity Ratio	-	-	-	0.37
	- Debt Service Coverage Ratio (DSCR)	-	-	-	0.33
	- Interest Service Coverage Ratio (ISCR)	-	-	-	9.37

Note: Suggested definition for Coverage Ratios:
ISCR = Earnings before Interest and Tax / Interest Expense.
DSCR = Earnings before Interest and Tax/ (Interest + Principal Repayment)

See accompanying note to the financial results

PART II : Selected Information for the Quarter ended June 30, 2013

	Particulars	Quarter ended June 30, 2013	Quarter ended March 31, 2013	Quarter ended June 30, 2012	Year ended 31st March 2013
A	**PARTICULARS OF SHAREHOLDING (Without considering the consideration on amalgamation pending allotment at June 30, 2013 - Refer Note 4)**				
1	Public Shareholding				
	- Number of shares	68,033,486	67,382,045	37,268,840	67,382,045
	- Percentage of shareholding	52.83%	52.59%	29.22%	52.59%
2	Promoters and promoter group Shareholding				
	a) Pledged/encumbered				
	- Number of shares	-	-	-	-
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-
	- Percentage of shares (as a % of the total share capital of the company)	-	-	-	-
	b) Non-encumbered				
	- Number of shares	60,736,978	60,736,978	90,283,901	60,736,978
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%
	- Percentage of shares (as a % of the total share capital of the company)	47.17%	47.41%	70.78%	47.41%

Particulars	3 months ended 30-June-2013
B. INVESTORS COMPLAINTS	
Pending at the beginning of the quarter	0
Received during the quarter	2
Disposed of during the quarter	2
Remaining unresolved at the end of the quarter	0

Notes :

1. The quarterly results have been reviewed by the Audit Committee and taken on records by the Board of Directors in its meeting held on 12th August 2013.

2. **Scheme of Amalgamation:**
Pursuant to the Scheme of Amalgamation & Arrangement (the "Scheme") sanctioned by the Honorable High Court of Andhra Pradesh vide its order dated June 11, 2013 and the Honorable High Court of Judicature at Bombay vide its order dated September 28, 2012, Venturbay Consultants Private Limited ("Venturbay"), CanvasM Technologies Limited ("CanvasM") and Mahindra Logisoft Business Solutions Limited ("Logisoft"), the wholly owned subsidiaries of the Company, and Satyam Computer Services Limited ("Satyam") an associate of the Company (through Venturbay) and C&S System Technologies Private Limited (C&S) a wholly owned subsidiary of erstwhile Satyam, merged with the Company with effect from April 1, 2011 (the "appointed date"). The Scheme came into effect on June 24, 2013, the day on which both the orders were delivered to the Registrar of the Companies, and pursuant thereto the entire business and all the assets and liabilities, duties and obligations of Satyam,Venturbay, CanvasM, Logisoft, and C&S have been transferred to and vested in the Company with effect from April 1, 2011.

In accordance with the Scheme, the investments held in the respective subsidiaries and associate have been cancelled and the Company has issued 2 equity shares of Rs. 10 each fully paid up in respect of every 17 equity shares of Rs. 2 each in the equity share capital of Satyam, aggregating 1035 Lakhs equity shares.

The Company transferred, out of its total holding in Satyam as on April 1, 2011, 2040 Lakhs equity shares to a Trust, to hold the shares and any additions or accretions thereto exclusively for the benefit of the Company. The balance shares held by the Company in Satyam have been cancelled.
As the other amalgamating companies i.e. Venturbay, Logisoft, CanvasM and C & S were wholly owned subsidiaries of the Company / Satyam, as applicable, no equity shares were exchanged to effect the amalgamation in respect thereof.
These amalgamations with the Company are non-cash transactions.

2.1 Accounting treatment of the amalgamation

The amalgamation is accounted under the 'pooling of interest' method as per Accounting Standard 14 as notified under Section 211(3C) of the Companies Act, 1956 and as modified under the Scheme as under:

• All assets and liabilities (including contingent liabilities), reserves, benefits under income tax, benefits for and under special economic zone registrations, duties and obligations of Satyam, Venturbay, CanvasM, Logisoft and C&S have been recorded in the books of account of the Company at their existing carrying amounts and in the same form.

•The amount of Share Capital of Venturbay, CanvasM, Logisoft, Satyam and C&S have been adjusted against the corresponding investment balances held by the Company in the amalgamating companies and the equity shares issued by the Company pursuant to the Scheme and the excess of investments (gross) over the Share Capital, as given below, have been adjusted to reserves ("Amalgamation Reserve").

• Accordingly, the amalgamation has resulted in transfer of assets and liabilities in accordance with the terms of the Scheme at the following summarised values:

(Rs. in Lakhs)

Particulars	Amount
Fixed Assets (net)	84,930
Capital Work in Progress	22,518
Non-Current Investments	325,250
Deferred Tax Asset	16,805
Current Investments	-
Trade Receivables	169,340
Cash and cash Equivalents	210,040
Other cash and bank balances	64,000
Loans and Advances (long term and short term)	209,190
Liabilities and provisions (long term and short term)	(370,250)
Long-Term and Short-Term Borrowings	(2,143)
Net Assets	**729,680**

Net difference between Investments and share capital of amalgamating companies	(13,570)
Add : Equity shares issued pursuant to the scheme of amalgamation	10,349
Debit balance in statement of profit and loss as of April 01, 2011	28,113
Debit balance in Amalgamation reserve	**24,892**

• Further, in accordance with the Scheme, the debit balance in the Amalgamation Reserve as of April 1, 2011, if any, pursuant to the amalgamation have been adjusted against the securities premium account. The application and reduction of the securities premium account is effected as an integral part of the sanctioned Scheme which is also deemed to be the order under Section 102 of the Companies Act, 1956 (the "Act") confirming the reduction. Accordingly, the aforesaid balance in Amalgamation Reserve aggregating Rs. 24892 Lakhs as of April 1, 2011 has been adjusted against the securities premium account.

• The Board of erstwhile Satyam had for the year ended March 31, 2013 proposed a dividend of Rs. 0.60 per equity share amounting to Rs. 8264 Lakhs (including dividend tax thereon), which was provided for in its financial statements for the year ended March 31, 2013. Since the merger has become effective on June 24, 2013, the dividend could not be approved by the shareholders in the AGM which was scheduled to be held on 2nd August 2013. Erstwhile Satyam shareholders, who have been issued Tech Mahindra Limited (TML) shares in the ratio of 2 shares in TML for 17 shares in erstwhile Satyam, are entitled to dividend of Rs 5 per share . As shares of erstwhile Satyam held by Venturbay are cancelled on the merger, there is an excess provision of dividend of Rs 2172 Lakhs, relating to the said shares of Venturbay which have been cancelled, which has been reversed from the proposed dividend.

2.2 Other adjustments / matters arising out of amalgamation:

In terms of the Scheme, the appointed date of the amalgamation being April 1, 2011, net profit from the amalgamating companies during the financial years 2011-12 and 2012-13 aggregating Rs. 197,355 Lakhs has been transferred, to the extent not accounted already, to the Surplus in Statement of Profit and Loss in the books of the Company upon amalgamation.

Pursuant to the Scheme, the title deeds for the immovable properties pertaining to the amalgamating companies are pending conveyance in the name of the Company. Further, the Company has initiated the name change formalities to transfer the title in respect of the other properties, contracts etc.

2.3 Appeal against the order sanctioning the Scheme

Appeals against the order by the single judge of the Honorable High Court of Andhra Pradesh approving the Scheme of merger have been filed by two parties before the Division Bench of the Honorable High Court of Andhra Pradesh. No interim orders have been passed and the appeals are pending hearing.

One of the said party has also appealed against the order of the single judge rejecting the Petition for winding up of erstwhile Satyam. The matter has been combined with the above appeals for hearing.

3. Matters pertaining to erstwhile Satyam Computers Services Limited (erstwhile Satyam):

3.1 Investigation by authorities in India

In the letter of Jan 7, 2009 (the "letter") of Mr. B. Ramalinga Raju, the then Chairman of erstwhile Satyam, admitted that the Balance Sheet of erstwhile Satyam as at September 30, 2008 carried an inflated cash and bank balances, non-existent accrued interest, an understated liability and an overstated debtors position .

Consequently, various regulators/ investigating agencies such as the Central Bureau of Investigation (CBI), Serious Fraud Investigation Office (SFIO) / Registrar of Companies (ROC), Directorate of Enforcement (ED), etc., had initiated their investigation on various matters which are yet to be concluded.

As per the assessment of the Management, based on the forensic investigation and the information available up to this stage, all identified/required adjustments/disclosures arising from the identified financial irregularities, had been made in the financial statements of erstwhile Satyam as at March 31, 2009.

Considerable time has elapsed after the initiation of investigation by various agencies and erstwhile Satyam had not received any further information as a result of the various ongoing investigations against erstwhile Satyam which required adjustments to the financial statements.

Further, in the opinion of the Management, no new claims have been made when the Andhra Pradesh High Court considered and approved the merger which need any further evaluation/adjustment/disclosure in the books, and all existing claims have been appropriately dealt with/recorded/disclosed in the books based on their current status.

Considering the above, notwithstanding the pendency of the various investigations/ proceedings, the Management is of the view that the above investigations/proceedings would not result in any additional material provisions/ write-offs/adjustments (other than those already provided for, written -off or disclosed) in the financial statements of the Company.

3.2 Forensic investigation and nature of financial irregularities

Consequent to the aforesaid letter, the Government nominated Board of Directors of erstwhile Satyam appointed an independent counsel ("Counsel") to conduct an investigation of the financial irregularities. The Counsel appointed forensic accountants to assist in the investigation (referred to as "forensic investigation") and preparation of the financial statements of erstwhile Satyam.

The forensic investigation conducted by the forensic accountants investigated accounting records to identify the extent of financial irregularities and mainly focused on the period from April 1, 2002 to September 30, 2008, being the last date up to which erstwhile Satyam published its financial results prior to the date of the letter. In certain instances, the forensic accountants conducted investigation procedures outside this period.

The forensic investigation had originally indicated possible diversion aggregating USD 41 Million from the proceeds of the American Depositary Shares (ADS) relating to erstwhile Satyam. The amount was revised to USD 19 Million based on the further details of utilisation of ADS proceeds obtained by erstwhile Satyam.

The overall impact of the fictitious entries and unrecorded transactions arising out of the forensic investigation, to the extent determined was accounted in the financial statements for the financial year ended March 31, 2009 of erstwhile Satyam.

Based on the forensic investigation, an aggregate amount of Rs. 113932 Lakhs (net debit) was identified in the financial statements of erstwhile Satyam as at March 31, 2009 under "Unexplained differences suspense account (net)" comprising (i) Rs. 1731 lakhs (net debit) where complete information was not available and (ii) Rs. 112201 lakhs(net debit) being fictitious assets and unrecorded loans in the opening balance as at April 2002. On grounds of prudence, these amounts had been provided for by erstwhile Satyam in the financial year ended March 31, 2009. As there is no further information available with the Management even after the lapse of three years, the said amount of Rs. 113932 lakhs has been written off in the financial statements of the Company for the quarter ended June 30, 2013.

The forensic investigation was unable to identify the nature of certain alleged transactions aggregating Rs. 123040 lakhs (net receipt) against which erstwhile Satyam had received legal notices from 37 companies claiming repayment of this amount which was allegedly given as temporary advances. Refer Note 3.3 below.

3.3 Alleged advances

Consequent to the letter of the erstwhile Chairman, on January 8, 2009, the erstwhile Satyam received letters from thirty seven companies requesting confirmation by way of acknowledgement for receipt of certain alleged amounts referred to as "alleged advances". These letters were followed by legal notices from these companies dated August 4/5, 2009, claiming repayment of Rs. 123040 Lakhs allegedly given as temporary advances. The legal notices also claim damages/ compensation @18% per annum from date of advance till date of repayment. The erstwhile Satyam has not acknowledged any liability to any of the thirty seven companies and has replied to the legal notices stating that the claims are legally untenable.

The Directorate of Enforcement (ED) is investigating the matter under the Prevention of Money Laundering Act, 2002 ("PMLA") and directed the erstwhile Satyam to furnish details with regard to the alleged advances and has also directed it not to return the alleged advances until further instructions from the ED. In furtherance to the investigation by the ED, the erstwhile Satyam was served with a provisional attachment order dated October 18, 2012 issued by the Joint Director, Directorate of Enforcement, Hyderabad under Section 5(1) of the PMLA ("the Order"), attaching certain Fixed Deposit accounts of the Company aggregating Rs. 82200 Lakhs for a period of 150 days. This attachment was initiated consequent to the charge sheets filed by the CBI against the erstwhile promoters of erstwhile Satyam and others and investigation conducted by the ED under the PMLA. As stated in the Order, the investigations of the ED revealed that Rs. 82200 Lakhs constitutes "proceeds of crime" as defined in the PMLA. The erstwhile Satyam had challenged the Order in the Honorable High Court of Andhra Pradesh ("the Writ"). The Honorable High Court of Andhra Pradesh ("the High Court") has, pending further orders, granted stay of the said Order and all proceedings pursuant thereto vide its interim order dated December 11, 2012. The ED has challenged the interim order before the Division Bench of the Honorable High Court of Andhra Pradesh which is pending disposal. The ED has filed a petition before the Honorable High Court of Andhra Pradesh on June 3, 2013 to direct the banks with whom the aforementioned fixed deposits are held, not to allow the erstwhile Satyam to redeem/pre-close the Fixed Deposits pending disposal of the Writ. The petition is pending hearing.

The thirty seven companies had filed petitions / suits for recovery against the erstwhile Satyam before the City Civil Court, Secunderabad ("Court"), with a prayer that these companies be declared as indigent persons for seeking exemption from payment of requisite court fees.

Some petitions (except in the case of one petition where court fees have been paid and the pauper petition converted into a suit which is pending disposal), are before the Court, at the stage of rejection / trial of pauperism.

The remaining petitions are at a preliminary stage before the Court, for considering condonation of delay in re-submission of pauper petitions. In one petition, the delay had been condoned by the Court and the Company has obtained an interim stay order from the Honorable High Court of Andhra Pradesh.

The erstwhile Satyam had received legal notices from nearly all of the above companies, calling for payment of the amounts allegedly advanced by them (including interest and damages), failing which they would be constrained to file a petition for winding up the affairs of Satyam. In pursuance thereof, one of the aforesaid companies filed a winding up petition that was dismissed by the High Court. Against the said order of dismissal, the aforementioned company has filed an appeal before the Division Bench of High Court of Andhra Pradesh which is pending hearing.

Furthermore, even in connection with the merger proceedings, the erstwhile Satyam had received letters from the aforesaid companies claiming themselves to be "creditors". They had pleaded inter-alia before the High Court (hearing the merger petition of the erstwhile Satyam with the Company) that the mandatory provisions governing the scheme under the Companies Act have not been complied with in so far as convening a meeting of the creditors is concerned. They contended that without convening a meeting of the creditors and hearing their objections, the merger scheme could not be proceeded with.

To address these and other related objections, the High Court directed the Official Liquidator, with the assistance of a firm of Chartered Accountants ("the firm"), to scrutinise the books of the erstwhile Satyam and submit a report on the allegations aforesaid including the accounting system adopted by it with respect to the alleged advances.

The firm, in their report, inter-alia, stated that the erstwhile Satyam under its new management, was justified in not treating these amounts as creditors and in classifying these alleged advances as "Amounts pending investigation - suspense account (net)".

The High Court after considering the report of the firm and other contentions of the erstwhile Satyam, held inter-alia, in its order approving the merger of the erstwhile Satyam with the Company, that the contention of the 37 companies that Satyam is retaining the money of the "creditors" and not paying them does not appear to be valid and further held that any right of the objecting creditors can be considered only if the genuineness of the debt is proved beyond doubt which is not so in this case.

The High Court in its order, further held that in the absence of Board resolutions and documents evidencing acceptance of unsecured loans by the former management of the erstwhile Satyam, the new management of the erstwhile Satyam is justified in not crediting the amounts received in their names and not showing them as creditors and further reflecting such amounts as Amounts pending investigation - suspense account (net).

In view of the aforesaid developments and also based on legal opinion, the erstwhile Satyam's management's view, which is also the Company's Management's view, that the claim regarding the repayment of "alleged advances" (including interest thereon) of the 37 companies are not legally tenable has been reinforced. Accordingly, the Company's Management believes that, Even in the unlikely event that the principal amount of the claim of the 37 companies is held to be tenable and the Company is required to repay these amounts, such an eventuality should not have an adverse bearing on either the Company's profits or its reserves in that period, since the Company has been legally advised that no interest would be payable even in such an unlikely event.

However, notwithstanding the above, pending the final outcome of the recovery suit filed by the 37 companies in the City Civil Court and the ED matter under the PMLA pending before the High Court, the Company, as a matter of prudence, at this point of time, is continuing to classify the amounts of the alleged advances as "Amounts pending investigation - suspense (net)", and the same would be appropriately dealt with/reclassified when the final outcome becomes clearer.

3.4. Provision for taxation

The erstwhile Satyam was carrying a total amount of Rs. 49892 Lakhs (net of taxes paid) as at March 31, 2013 (before giving effect to its amalgamation with the Company) towards provision for taxation, including for the prior years for which the assessments are under dispute. Considering the effects of financial irregularities in the prior years, status of disputed tax demands and the appeals / claims pending before the various authorities, the consequent significant uncertainties regarding the outcome of these matters and the determination of the tax and interest/penalty liability that may be levied in the event of an unfavorable order being finalised, erstwhile Satyam was professionally advised that it was not appropriate to make adjustments to the provisions pertaining to the prior years for which the assessments are under dispute. Accordingly, such provisions have been retained in the books.
The Company is evaluating the effect of the possible outcomes of tax matters in dispute relating to the erstwhile Satyam and will make the required adjustments to such provision relating to prior years on completion of the exercise.

4. The Board of Directors in its meeting held on June 25, 2013 had fixed July 5, 2013 as the Record Date for determining the shareholders of erstwhile Satyam who would be entitled to receive shares of the Company in the ratio of 2 equity Shares of Rs. 10/- each fully paid up in respect of 17 equity shares of Rs. 2/- each fully paid up of erstwhile Satyam in accordance with the approved Scheme of Amalgamation and Arrangement. On July 6, 2013, the Securities Allotment Committee of the Board of Directors of the Company have allotted 103485396 equity shares of face value of Rs. 10/- each fully paid of the Company to the shareholders of erstwhile Satyam ranking pari-pasu in all respects with the existing equity shares of the Company.

Post allotment of shares on July 6, 2013, in accordance with the Scheme of Amalgamation and Arrangement, the revised Promoters and Promoter Group Shareholding has been given effect in the books of the Company. The shareholding after the above allotment stands as below:

Particulars	Public Shareholding		Promoters and Promoter Group Shareholding	
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding
Shareholding	147,518,882	63.52%	84,736,978	36.48%

5. As the Scheme has become effective from June 24, 2013 the figures for the current period includes the operations of the amalgamating companies. Accordingly, the results for the quarter ended June 30, 2013 are the results of Tech Mahindra Limited after giving effect to the merger, while the results for the previous quarter and previous year are the results of Tech Mahindra Limited are as per the previously reported figures before giving effect to the merger and, hence, are not comparable.

6. Figures of the quarter ended March 31, 2013 are the balancing figures between audited figures in respect of the full financial year and published year to date figures up to the third quarter of the relevant financial year.

7. Previous period figures have been regrouped/rearranged wherever necessary.

8. The qualifications in the Auditors' Report for the quarter ended June 30, 2013 are summarised below;
The Auditor has qualified the report on the following ground;

8.1 With respect to the matters described in Note 3.3 above, in the absence of complete / required information, and since the matter is sub-judice, their inability to comment on the accounting treatment/adjustments/disclosures relating to the aforesaid alleged advances amounting to Rs. 12,3040 Lakhs (net) including the related claims for damages/compensation/interest, which may become necessary as a result of the ongoing legal proceedings and the consequential impact, if any, on these financial results. In the eventuality of any payment upto Rs 123040 lakhs, in this matter, there will be no impact on the profits or reserves of the Company.

8.2 With respect to the matters described in Note 3.4 above, their inability to comment on the adequacy or otherwise of the provision for taxation pertaining to the aforesaid prior years of erstwhile Satyam for which the assessments are under dispute and the consequential impact, if any, on these financial results.

9. Response to Auditors' qualification

9.1 With regard to the auditors' qualification in note 8.1 above, refer to the details in note 3.3.
9.2 With regard to the auditors' qualification in note 8.2 above, refer to the details in note 3.4.

Date : 12th August, 2013 — **Vineet Nayyar**
Place : Mumbai — **Executive Vice Chairman**