

Tech Mahindra Limited

Registered Office : Gateway Building, Apollo Bunder, Mumbai 400 001. Website : www.techmahindra.com.
Email : investor.relations@techmahindra.com. CIN : L64200MH1988PLC041370
Standalone Audited Financial Results for the quarter ended June 30, 2018

	Particulars	Rs. in Lakhs			
		Quarter ended		Year ended	
		June 30, 2018	March 31, 2018	June 30, 2017	
				March 31, 2018	
1	Revenue from Operations	6,28,685	6,02,133	5,75,483	23,66,470
2	Other Income	17,927	40,153	39,632	1,73,063
3	Total Revenue (1 + 2)	6,46,612	6,42,286	6,15,115	25,39,533
4	EXPENSES				
	Employee Benefits Expense	2,01,248	2,02,508	2,04,141	8,11,476
	Subcontracting Expenses	2,36,214	2,25,198	2,25,359	9,00,856
	Finance Costs	800	1,674	1,723	7,084
	Depreciation and Amortisation Expense	16,906	17,978	14,791	65,629
	Other Expenses	80,362	65,013	68,350	2,64,034
	Total Expenses	5,35,530	5,12,371	5,14,364	20,49,079
5	Profit before Tax (3 - 4)	1,11,082	1,29,915	1,00,751	4,90,454
6	Tax Expense				
	Current Tax	22,606	27,840	20,786	93,172
	Deferred Tax	(3,146)	3,463	344	(2,442)
	Total Tax Expense	19,460	31,303	21,130	90,730
7	Profit after tax (5 - 6)	91,622	98,612	79,621	3,99,724
8	Other Comprehensive Income	(8,591)	(19,438)	(12,344)	(41,966)
9	Total Comprehensive Income (7 + 8)	83,031	79,174	67,277	3,57,758
10	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	48,998	48,969	48,751	48,969
11	Total Reserves				19,06,335
12	Earnings Per Equity Share (Rs)				
	(EPS for quarter ended periods is not annualised)				
	- Basic	9.32	10.07	8.17	40.82
	- Diluted	9.28	9.99	8.08	40.51

Notes :

1 The quarterly results have been reviewed by the Audit Committee and taken on record by the Board of Directors in its meeting held on July 30, 2018.

2 Certain matters relating to erstwhile Satyam Computer Services Limited (erstwhile Satyam):

Subsequent to the letter dated January 7, 2009, due to the confession of the then Chairman of erstwhile Satyam with respect to fraud, various regulators/investigating agencies such as the Serious Fraud Investigation Office (SFIO)/Registrar of Companies (ROC), Directorate of Enforcement (ED), Central Bureau of Investigation (CBI) had initiated investigations on various matters and conducted inspections / issued notices calling for information which have been responded to. Certain non-compliances/breaches of laws and regulations by the erstwhile Satyam under the former Management (prior to Government nominated Board) were identified by various agencies which have been responded to/appropriately addressed by the erstwhile Satyam/the Company and the Company does not expect any further proceedings in this regard.

Proceedings in relation to 'Alleged Advances':

Pursuant to the aforesaid letter dated January 7, 2009, the erstwhile Satyam received letters from 37 companies seeking confirmation by way of acknowledgement of receipt of certain alleged amounts by the erstwhile Satyam (referred to as 'alleged advances'). These letters were followed by legal notices from them, claiming repayment of the alleged advances aggregating Rs. 123,040 Lakhs stated to be given as temporary advances but without any evidence in support of the nature of these transactions. The legal notices also claimed damages/compensation @18% per annum from the date of the advances till the date of repayment. The erstwhile Satyam has not acknowledged any liability to any of the 37 companies and has replied to the legal notices stating that the claims are legally untenable.

The 37 companies have 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. Further, they have filed appeals before the Division Bench of the Honorable High Court of Andhra Pradesh, against the Orders of the Honorable High Court of Andhra Pradesh and the Honorable High Court of Judicature at Bombay sanctioning the scheme of merger of erstwhile Satyam with the Company w.e.f. April 1, 2011, which are yet to be heard. One of the aforesaid companies has also appealed against the Order rejecting the Petition for winding-up of the erstwhile Satyam. These matters have been combined for hearing.

The Directorate of Enforcement (ED) while investigating the matter under the Prevention of Money Laundering Act, 2002 (PMLA) had directed the erstwhile Satyam not to return the alleged advances until further instructions. In furtherance to the investigation, certain fixed deposits of the Company with certain banks, then aggregating to Rs. 82,200 Lakhs were alleged by ED to be 'proceeds of crime' and were provisionally attached vide Order dated October 18, 2012 by the ED (the Order). The Honorable High Court of Andhra Pradesh (the Court) had, pending further Orders, granted stay of the said Order and all proceedings thereto vide its Order dated December 11, 2012. The ED had challenged this interim Order passed by the Single Judge before the Division Bench of the Court. Vide order dated December 31, 2014, the Honorable High Court upon hearing the matter, has dismissed the Appeal filed by ED and affirmed the Stay granted by the Single Judge. Consequently, out of the aforesaid fixed deposits which were attached, fixed deposits aggregating Rs 35,700 Lakhs have been redeemed. Certain banks have not honored the redemption claim and the Company is pursuing the matter legally.

In view of the aforesaid developments and also on an independent legal opinion the Management believes that the claim by the 37 companies for repayment of the alleged advances, including interest thereon is not legally tenable. Consequently, pending the final outcome of the proceedings, as a matter of prudence, the Company has accounted and disclosed the amount of Rs. 123,040 Lakhs as 'Suspense Account (net)'. Although remote, in the event that these cases are decided against the Company, there would be no effect on the financial results or financial position of the Company.



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- 3 Scheme of Amalgamation ('the scheme') of Sofgen India Private Limited with the Company has been approved by the National Company Law Tribunal (NCLT), Chennai Bench on June 12, 2018 and Mumbai Bench on June 21, 2018 with an appointed date of April 1, 2018. The Company has filed the order copy from Chennai Tribunal with Registrar of Companies ('ROC'), Chennai on July 13, 2018 and shall file the order copy from Mumbai Tribunal with ROC, Mumbai in due course upon its receipt. The Company has given effect to the scheme as it is reasonably certain that post receipt of the certified copy of the order, the same will be filed with ROC. The scheme has been accounted under the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combinations' and comparatives have been restated for amalgamation from the beginning of the previous year i.e. April 1, 2017.
- 4 Effective April 1, 2018, the Company has adopted Ind AS 115 using the cumulative effect method. The standard is applied retrospectively to contracts that are not completed as at the date of initial application and the comparative information is not restated. The effect of adoption of the standard did not have any significant impact on the financial statements of the Company.
- 5 Tax expense for the Quarter Ended ("QE") June 30, 2018 is net of provision of Rs. 8,890 Lakhs of earlier periods, no longer required, written back (QE March 31, 2018: Rs. 1,129 Lakhs) (QE June 30, 2017: Rs. 1,873 Lakhs).
Tax expense for the year ended March 31, 2018 is net of provision of Rs. 18,056 Lakhs of earlier periods, no longer required, written back.
- 6 Previous period's figures have been regrouped wherever necessary.

7 Emphasis of Matter

The Emphasis of Matter in the Auditor's Report pertains to the following:

With relation to Note 2 in respect of certain matters relating to erstwhile Satyam Computer Services Limited (erstwhile Satyam), amalgamated with the Company with effect from April 1, 2011 which are discussed below:

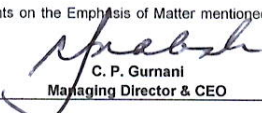
Certain non-compliances and breaches of laws and regulations by the erstwhile Satyam under the former Management (prior to Government nominated Board) identified by the various agencies have been responded to/appropriately addressed in earlier years and no further communication has been received by the Company on these matters and with the passage of time, the Company does not expect any further proceedings in this regard.

The Company's management, on the basis of current legal status and external legal opinion, as more fully described in Note 2, has concluded that (i) claims made by 37 companies in the City Civil Court for alleged advances amounting to Rs. 123,040 Lakhs made by these companies to erstwhile Satyam and presented separately under 'Suspense account (net)' and (ii) the claims to these advances filed by Enforcement Directorate under the Prevention of Money Laundering Act in the High Court of Andhra Pradesh will not sustain on ultimate resolution by the respective Courts.

8 Management response to Emphasis of Matter:

With regard to the Emphasis of Matter stated in Note 7 above, there are no additional developments on the Emphasis of Matter mentioned which require adjustments to the financial results.

Date : July 30, 2018
Place : Mumbai


C. P. Gurnani
Managing Director & CEO



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