

Tech Mahindra Limited

Registered Office : Gateway Building, Apollo Bunder, Mumbai 400 001. Website : www.techmahindra.com.

Email : investor.relations@techmahindra.com. CIN : L64200MH1986PLC041370

Standalone Audited Financial Results for the quarter ended June 30, 2019

				Rs. in Million	
	Particulars	Quarter ended			Year ended
		June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
1	Revenue from Operations	68,587	70,646	62,899	272,196
2	Other Income	2,388	2,923	1,782	9,601
3	Total Income (1 + 2)	70,975	73,569	64,681	281,797
4	EXPENSES				
	Employee Benefit Expenses	22,402	22,029	20,149	84,440
	Subcontracting Expenses	26,703	26,330	23,668	101,207
	Finance Costs	121	103	80	431
	Depreciation and Amortisation Expense	1,581	1,516	1,691	6,587
	Other Expenses	9,373	10,676	8,038	34,859
	Total Expenses	60,180	60,654	53,626	227,524
5	Profit before Tax (3 - 4)	10,795	12,915	11,055	54,273
6	Tax Expense				
	Current Tax	2,964	3,110	2,261	10,652
	Deferred Tax	(396)	(6)	(315)	(183)
	Total Tax Expense	2,568	3,104	1,946	10,469
7	Profit after tax (5 - 6)	8,227	9,811	9,109	43,804
8	Other Comprehensive Income	145	982	(859)	1,670
9	Total Comprehensive Income (7 + 8)	8,372	10,793	8,250	45,474
10	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,822	4,917	4,900	4,917
11	Total Reserves				201,557
12	Earnings Per Equity Share (Rs)				
	<i>(EPS for the quarter ended periods is not annualised)</i>				
	- Basic	8.50	9.98	9.27	44.58
	- Diluted	8.43	9.84	9.22	43.93

Tech Mahindra Limited

Registered Office : Gateway Building, Apollo Bunder, Mumbai 400 001. Website : www.techmahindra.com.

Email : investor.relations@techmahindra.com. CIN : L64200MH1986PLC041370

Standalone Audited Financial Results for the quarter ended June 30, 2019

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, 2019.

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

Proceedings in relation to 'Alleged Advances':

Erstwhile Satyam with respect to fraud, 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 to Rs. 12,304 Million 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 not legally tenable.

The 37 companies have filed petitions/suits for recovery against the erstwhile Satyam before the City Civil Court, Secunderabad (Court), of which 1 petition has been converted into a suit and the balance 36 petitions are at various stages of pauperism/suit admission. Further, they have filed appeals before the Division Bench of the Hon'ble High Court of Andhra Pradesh, against the Orders of the Hon'ble High Court of Andhra Pradesh and the Hon'ble High Court of 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. 8,220 Million 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 Hon'ble High Court of Judicature at Hyderabad ('the Court') granted stay of the said Order and all proceedings thereto vide its order dated December 11, 2012. Thereafter, the Court, vide its Order dated December 31, 2018 set aside the provisional attachment Order of ED dated October 18, 2012 and directed the banks to release the fixed deposits of the Company. Accordingly, these fixed deposits have been released by the banks.

Management on its assessment and based on an external legal opinion, 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. 12,304 Million as 'Suspense Account (net)'.

3 Pursuant to Business Transfer Agreement entered during the previous year, Tech Mahindra Limited acquired certain assets and liabilities from Sofgen UK (100% indirect subsidiary). The transaction was accounted under the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combinations' with effect from April 1, 2017.

4 Tax expense for the Quarter Ended ("QE") June 30, 2019 is net of excess provision of Rs. NIL of earlier periods, no longer required, written back (QE March 31, 2019: Nil ; QE June 30, 2018: Rs. 889 Million).

Tax expense for the year ended March 31, 2019 is net of excess provision of Rs. 3,018 Million of earlier periods, no longer required, written back.

5 The figures for the quarter ended March 31, 2019 as reported in these consolidated financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the end of the third quarter of the relevant financial year.

6 Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives information have not been restated. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of Rs. 3,482 Million and a lease liability of Rs. 2,765 Million. The cumulative effect on transition in retained earnings is Rs. 78 Million (net of taxes). The effect of adoption of this standard is not significant on the profit for the period and earnings per share.

7 The Board of Directors of the Company at its meeting held on February 21, 2019 approved a proposal to buyback upto 20,585,000 equity shares of the Company for an aggregate amount not exceeding Rs. 19,556 Million being 2.09% of the total paid up equity share capital at Rs. 950 per equity share. Letter of Offer was issued to all eligible shareholders holding shares as on March 6, 2019. The period for tendering of shares for buyback was from March 25, 2019 to April 5, 2019. The Company bought back 20,585,000 equity shares for an aggregate amount of Rs 19,556 Million. The equity shares bought back were extinguished on April 17, 2019. Capital redemption reserve was created to the extent of equity share capital extinguished of Rs 103 Million. Transaction costs Rs 132 Million for buy-back have been adjusted to retained earnings.

8 The Company, pursuant to the share purchase agreement dated January 31, 2019 had acquired 100% stake in Dynacommerce Holdings B.V on May 9, 2019 for a consideration upto EUR 2.16 Million (Rs. 168 Million), out of which EUR 0.48 Million (Rs. 38 Million) was paid upfront and the balance amount of EUR 1.68 Million (Rs. 130 Million) is payable on achieving performance based milestones during the calendar years 2019 to 2023.

9 Emphasis of Matter

The Emphasis of Matter in the Auditors' 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 is discussed below:

The Company's management, on the basis of current legal status and external legal opinion, has concluded that claims made by 37 companies in the City Civil Court for alleged advances amounting to Rs. 12,304 Million made by these companies to erstwhile Satyam and presented separately under 'Suspense account (net)', will not sustain on ultimate resolution by the Court.

10 Management response to Emphasis of Matter:

With regard to the Emphasis of Matter stated in Note 9 above, there are no additional developments on Emphasis of Matter mentioned in Note 2 above which require adjustments to the financial results.

11 The Financial Results have been made available to the Stock Exchanges where the Company's securities are listed and are posted on the Company's website (www.techmahindra.com).

Date : July 30, 2019

Place : Mumbai

C. P. Gurnani
Managing Director & CEO