

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 and six months period ended September 30, 2018

	Particulars	Quarter ended			Six months period ended		Rs. in Lakhs
		September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	Year ended March 31, 2018
1	Revenue from Operations	6,87,086	6,28,685	5,92,050	13,15,771	11,67,529	23,66,470
2	Other Income	40,845	17,927	73,480	58,772	1,13,109	1,73,063
3	Total Revenue (1 + 2)	7,27,931	6,46,612	6,65,530	13,74,543	12,80,638	25,39,533
4	EXPENSES						
	Employee Benefit Expenses	2,06,944	2,01,248	2,02,573	4,08,192	4,06,710	8,11,476
	Subcontracting Expenses	2,56,949	2,36,214	2,18,525	4,93,163	4,43,882	9,00,856
	Finance Costs	1,188	800	1,897	1,988	3,620	7,084
	Depreciation and Amortisation Expense	17,594	16,906	15,847	34,500	30,638	65,629
	Other Expenses	80,629	80,362	65,632	1,60,991	1,33,982	2,64,034
	Total Expenses	5,63,304	5,35,530	5,04,474	10,98,834	10,18,832	20,49,079
5	Profit before Tax (3 - 4)	1,64,627	1,11,082	1,61,056	2,75,709	2,61,806	4,90,454
6	Tax Expense						
	Current Tax	33,965	22,606	26,474	56,571	47,258	93,172
	Deferred Tax	(3,045)	(3,146)	(3,185)	(6,191)	(2,842)	(2,442)
	Total Tax Expense	30,920	19,460	23,289	50,380	44,416	90,730
7	Profit after tax (5 - 6)	1,33,707	91,622	1,37,767	2,25,329	2,17,390	3,99,724
8	Other Comprehensive Income	(26,306)	(8,591)	(18,360)	(34,897)	(30,704)	(41,966)
9	Total Comprehensive Income (7 + 8)	1,07,401	83,031	1,19,407	1,90,432	1,86,686	3,57,758
10	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	49,022	48,998	48,797	49,022	48,797	48,969
11	Total Reserves						19,06,335
12	Earnings Per Equity Share (Rs)						
	(EPS for quarter and six months ended periods are not annualised)						
	- Basic	13.59	9.32	14.13	22.91	22.30	40.82
	- Diluted	13.53	9.28	13.98	22.80	22.06	40.51

Balance Sheet as at September 30, 2018 (Standalone - Audited)

Particulars	Rs. in Lakhs	
	As at September 30, 2018	As at March 31, 2018
ASSETS		
Non-Current Assets		
(a) Property, Plant and Equipment	2,10,353	2,23,801
(b) Capital Work-in-Progress	25,137	23,541
(c) Investment Property	12,210	12,890
(d) Other Intangible Assets	81,635	86,362
(e) Financial Assets		
(i) Investments	6,93,647	6,86,502
(iv) Other Financial Assets	29,492	21,347
(f) Advance Income Taxes (Net of provisions)	1,40,287	1,25,731
(g) Deferred Tax Assets (Net)	44,059	27,512
(h) Other Non-Current Assets	34,034	38,167
Total Non - Current Assets	12,70,854	12,45,853
Current Assets		
(a) Financial Assets		
(i) Investments	3,34,850	3,24,309
(ii) Trade Receivables	6,05,908	5,07,891
(iii) Cash and Cash Equivalents	1,00,314	88,921
(iv) Other Balances with Banks	75,309	1,04,110
(v) Loans	46,087	35,088
(vi) Other Financial Assets	2,33,468	2,23,568
(b) Other Current Assets	1,62,792	1,51,172
Total Current Assets	15,58,728	14,35,059
Total Assets	28,29,582	26,80,912
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	49,022	48,969
(b) Other Equity	19,41,322	19,06,335
Total Equity	19,90,344	19,55,304
Liabilities		
Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	11,921	14,499
(ii) Other Financial Liabilities	64,786	46,123
(b) Provisions	38,530	39,540
Total Non - Current Liabilities	1,15,237	1,00,162
Current liabilities		
(a) Financial Liabilities		
(i) Trade Payables	2,79,393	2,02,961
(ii) Other Financial Liabilities	1,18,241	1,04,891
(b) Other Current Liabilities	1,03,610	1,02,366
(c) Provisions	20,441	23,861
(d) Current Tax Liabilities (Net of advance income taxes)	79,276	68,327
Total Current Liabilities	6,00,961	5,02,406
Suspense Account (Net)	1,23,040	1,23,040
Total Equity and Liabilities	28,29,582	26,80,912



Tech Mahindra LimitedRegistered 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 and six months period ended September 30, 2018****Notes :**

1 The quarterly and six months period ended results have been reviewed by the Audit Committee and taken on record by the Board of Directors in its meeting held on October 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/Tech Mahindra Limited ('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.

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 vide order dated June 12, 2018 and Mumbai Bench vide order dated August 8 2018 with an appointed date of April 1, 2018. The Company has filed the Order received from Chennai Bench with Registrar of Companies ('ROC') on July 13, 2018 and the order received from Mumbai Bench with ROC on August 17, 2018. 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 six months period ended September 30, 2018 is net of provision of Rs. 8,890 Lakhs of earlier periods, no longer required, written back. (Quarter ended "QE" September 30, 2018: Rs. Nil) (QE June 30, 2018: Rs. 8,890 Lakhs) (QE September 30, 2017: Rs. 1,573 Lakhs) (Six months period ended September 30, 2017: Rs. 3,302 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 in earlier years and no further communication has been received 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.

9 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 : October 30, 2018

Place : Mumbai

C. P. Gurnani
Managing Director & CEO