

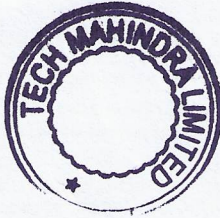
# Tech Mahindra Limited

Registered Office : Gateway Building, Apollo Bunder, Mumbai 400 001. Website : [www.techmahindra.com](http://www.techmahindra.com).

Email : [investor.relations@techmahindra.com](mailto:investor.relations@techmahindra.com). CIN : L64200MH1986PLC041370

## Standalone Audited Financial Results for the quarter and nine months period ended December 31, 2018

	Particulars	Quarter ended			Nine months period ended		Rs. in Million
		December 31,	September 30,	December 31,	December 31,	December 31,	Year ended
		2018	2018	2017	2018	2017	March 31, 2018
1	Revenue from Operations	69,897	68,754	59,732	201,550	176,661	236,922
2	Other Income	814	4,082	1,942	6,678	13,257	17,280
3	Total Revenue (1 + 2)	70,711	72,836	61,674	208,228	189,918	254,202
4	EXPENSES						
	Employee Benefit Expenses	21,547	20,715	20,244	62,411	60,979	81,240
	Subcontracting Expenses	25,488	25,721	23,172	74,877	67,684	90,257
	Finance Costs	129	119	179	328	541	708
	Depreciation and Amortisation Expense	1,621	1,759	1,701	5,071	4,765	6,563
	Other Expenses	8,078	8,067	6,435	24,183	19,842	26,432
	Total Expenses	56,863	56,381	51,731	166,870	153,811	205,200
5	Profit before Tax (3 - 4)	13,848	16,455	9,943	41,358	36,107	49,002
6	Tax Expense						
	Current Tax	1,877	3,404	1,811	7,542	6,537	9,308
	Deferred Tax	442	(305)	(306)	(177)	(591)	(245)
	Total Tax Expense	2,319	3,099	1,505	7,365	5,946	9,063
7	Profit after tax (5 - 6)	11,529	13,356	8,438	33,993	30,161	39,939
8	Other Comprehensive Income	4,176	(2,631)	817	688	(2,253)	(4,196)
9	Total Comprehensive Income (7 + 8)	15,705	10,725	9,255	34,681	27,908	35,743
10	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,905	4,902	4,895	4,905	4,895	4,897
11	Total Reserves						190,451
12	Earnings Per Equity Share (Rs)						
	(EPS for the quarter and nine months period is not annualised)						
	- Basic	11.72	13.58	8.65	34.55	30.93	40.79
	- Diluted	11.64	13.51	8.57	34.33	30.64	40.48





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- 1 The quarterly and nine months period ended financial results have been reviewed by the Audit Committee and taken on record by the Board of Directors in its meeting held on February 05, 2019.
- 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 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 legally untenable.

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 suit and 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 Andhra Pradesh (the Court) granted stay of the said Order and all proceedings thereto vide its order dated December 11, 2012. The Hon'ble High Court of Andhra Pradesh, vide its Order dated December 31, 2018 set aside the provisional attachment Order of ED dated October 18, 2012. Further, the Hon'ble High Court directed the Banks to release the fixed deposits of the Company.

In view of the aforesaid developments and based 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. 12,304 Million as 'Suspense Account (net)'.
- 3 The Company, pursuant to a scheme of arrangement approved by the Courts, has taken over all assets and liabilities of Sofgen India Private Limited (100% indirect subsidiary) at book values and the identity of reserves was preserved in the books of the Company in accordance with the 'pooling of interests' method as per Appendix C of Ind AS 103 'Business Combinations' and comparatives have been restated from the beginning of the previous year i.e. from April 1, 2017.
- 4 Pursuant to Business Transfer Agreement entered during the quarter, Tech Mahindra Limited acquired certain assets and liabilities from Sofgen UK (100% indirect subsidiary). The transaction 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 from the beginning of the previous year i.e. April 1, 2017.
- 5 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.
- 6 Tax expense for the quarter and nine months period ended December 31, 2018 is net of write back of tax provision amounting to Rs. 1,351 Million and Rs. 3,018 Million respectively of earlier periods, no longer required. (QE September 30, 2018: Rs. Nil); (QE December 31, 2017: Rs. 1,363 Million); (Nine months period ended December 31, 2017: Rs. 1,693 Million).
- Tax expense for the year ended March 31, 2018 is net of write back of tax provision of Rs. 1,806 Million of earlier periods, no longer required.
- 7 Previous period's figures have been regrouped wherever necessary.
- 8 **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:

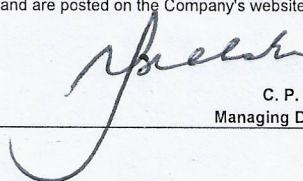
Non-compliances of laws and regulations by the erstwhile Satyam under the former Management (prior to Government nominated Board) identified by various agencies, which have been responded to in earlier years and no further communication has been received on these matters and with the passage of time, 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, 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.
- 9 **Management response to Emphasis of Matter:**

With regard to the Emphasis of Matter stated in Note 8 above, there are no additional developments on Emphasis of Matter mentioned in Note 2 above which require adjustments to the financial results.
- 10 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](http://www.techmahindra.com)).

Date : February 05, 2019

Place : Mumbai

  
C. P. Gurnani  
Managing Director & CEO

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