

Profit after tax for the quarter at Rs. 12,220 Mn, up 107.8% over previous year

Profit after tax for the year at Rs. 37,998 Mn, up 35.1% over previous year

Tech Mahindra Limited

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

Email: investor.relations@techmahindra.com CIN: L64200MH1983PLC041370

Consolidated Audited Financial Results for the quarter and year ended March 31, 2018

	Particulars	Quarter ended			Year ended	
		March 31, 2018	December 31, 2017	March 31, 2017	March 31, 2018	March 31, 2017
1	Revenue from Operations	8,05,450	7,77,596	7,49,500	30,77,293	29,14,084
2	Other Income	45,126	22,504	23,789	1,41,649	77,756
3	Total Revenue (1 + 2)	8,50,576	8,00,100	7,73,289	32,18,942	29,91,840
4	EXPENSES					
	Employee Benefits Expense	4,14,530	4,21,288	3,99,235	16,62,397	15,45,394
	Subcontracting Expenses	1,06,390	97,794	97,025	3,88,801	3,61,117
	Finance Costs	5,271	3,409	3,179	16,238	12,859
	Depreciation and Amortisation Expense	29,864	27,419	28,346	1,08,498	97,806
	Other Expenses	1,43,341	1,32,054	1,63,373	5,55,133	5,89,130
	Total Expenses	6,99,396	6,81,964	6,91,158	27,31,067	26,06,306
5	Profit before share in profit/(loss) of associates and tax (3-4)	1,51,180	1,18,136	82,131	4,87,875	3,85,534
6	Share of Profit / (Loss) of Associates	4	4	0	8	(234)
7	Profit before Tax (5 + 6)	1,51,184	1,18,140	82,131	4,87,883	3,85,300
8	Tax Expense					
	Current Tax	35,015	19,140	18,088	1,17,684	96,981
	Deferred Tax	(6,911)	6,564	5,074	(8,421)	3,232
	Total Tax Expense	28,104	25,704	23,162	1,09,263	1,00,213
9	Profit after tax (7 - 8)	1,23,080	92,436	58,969	3,78,620	2,85,087
	Profit for the period attributable to:					
	Owners of the Company	1,22,202	94,306	58,798	3,79,982	2,81,287
	Non Controlling Interests	878	(1,870)	171	(1,362)	3,800
10	Other Comprehensive Income	(7,008)	1,903	1,704	(21,899)	8,334
11	Total Comprehensive Income (9 + 10)	1,16,072	94,339	60,673	3,56,721	2,93,421
	Total Comprehensive Income for the period attributable to:					
	Owners of the Company	1,14,176	96,505	60,193	3,55,191	2,90,967
	Non Controlling Interests	1,896	(2,166)	480	1,530	2,454
12	Paid-up Equity Share Capital (Face Value of Share Rs 5)	44,170	44,145	43,877	44,170	43,877
13	Total Reserves				18,40,114	15,99,842
14	Earnings Per Equity Share (Rs)					
	(EPS for quarter ended periods is not annualised)					
	Basic	13.84	10.73	6.72	43.02	32.14
	Diluted	13.72	10.61	6.61	42.66	31.64

Standalone Information

Particulars	Quarter ended			Year ended	
	March 31, 2018	December 31, 2017	March 31, 2017	March 31, 2018	March 31, 2017
Revenue from Operations	6,02,057	5,96,771	5,92,358	23,66,118	23,16,539
Profit before tax	1,30,026	98,824	77,108	4,90,649	3,87,873
Profit after tax	98,724	83,824	58,574	3,99,930	3,04,733

Primary Segments

The Company identifies its Primary Business Segments based on the type of services offered, i.e. IT Services & BPO services.

Segment wise Revenue, Results and Capital Employed

Particulars	Quarter ended			Year ended	
	March 31, 2018	December 31, 2017	March 31, 2017	March 31, 2018	March 31, 2017
Segment Revenue					
a) IT	7,46,367	7,15,710	6,97,576	28,57,148	27,12,365
b) BPO	59,083	61,886	51,924	2,20,145	2,01,719
Total Sales / Income from operations	8,05,450	7,77,596	7,49,500	30,77,293	29,14,084
Segment Profit before tax, interest and depreciation					
a) IT	1,63,961	1,51,345	1,16,161	5,76,192	5,26,962
b) BPO	17,868	19,757	16,654	62,942	60,014
Total	1,81,829	1,71,102	1,32,815	6,39,134	5,86,976
Less:					
(i) Finance costs	5,271	3,409	3,179	16,238	12,859
(ii) Other un-allocable expenditure Net off un-allocable income	25,378	49,557	47,505	1,35,021	1,88,583
Profit before share in profit/(loss) of associates and tax	1,51,180	1,18,136	82,131	4,87,875	3,85,534



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	Rs. in Lakhs		
	March 31, 2018	December 31, 2017	March 31, 2017
Statement of segment Assets and Liabilities			
Segment Assets			
Trade and Other Receivables			
IT	8,44,610	8,05,065	7,08,335
BPO	61,820	74,048	42,956
Total Trade Receivables	9,06,430	8,79,113	7,51,291
Goodwill			
IT	2,39,821	2,34,186	2,25,346
BPO	37,445	37,445	37,445
Total Goodwill	2,77,266	2,71,631	2,62,791
Unallocable Assets	18,60,029	17,31,701	15,92,572
TOTAL ASSETS	30,43,725	28,82,445	26,06,654
Segment Liabilities			
Unearned Revenue			
IT	27,520	24,303	30,125
BPO	-	331	1,309
Total Unearned Revenue	27,520	24,634	31,434
Advance from Customers			
IT	33,359	33,310	25,287
BPO	-	-	-
Total Advance from Customers	33,359	33,310	25,287
Unallocable Liabilities	10,47,654	10,08,265	8,59,802
TOTAL LIABILITIES	11,08,533	10,66,209	9,16,523

Segmental Capital Employed

Segregation of assets into primary segments has been done to the extent applicable. Segregation of balance assets, liabilities, depreciation and other non-cash expenses into various primary segments has not been done as the related assets are used interchangeably between segments. Accordingly no disclosure relating to such has been made.

Notes:

- The quarterly and yearly results have been reviewed by the Audit Committee and taken on record by the Board of Directors in its meeting held on May 25, 2018.
- The Board of Directors has recommended a final dividend of Rs 14/- per share on face value of Rs. 5/- (280%)
- 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. 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 Hon'ble High Court of Andhra Pradesh (the Court) had, pending further Orders in the Writ Petition, granted stay of the said Order and all proceedings thereto vide its Order dated December 11, 2012. The main Writ Petition is pending for final hearing. Meanwhile, 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 Hon'ble 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 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. 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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4 Satyam Venture Engineering Services Private Limited (SVES)

Accounting for sales commission

The contingency provision in the books represents provision with respect to sales commission, if any, payable to Venture Global LLC for the period from financial year 2005-2006 to 2011-2012 amounting to Rs. 5,290 Lakhs.

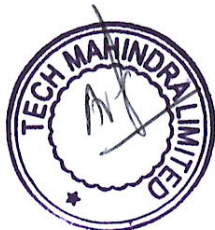
During the financial year 2011-2012, the Board of SVES reassessed the need to accrue sales commission considering that no services were rendered by Venture Global LLC during the period from FY 2005-2006 to FY 2011-2012. Accordingly, the Board of SVES decided to write back sales commission amounting to Rs. 3,590 Lakhs pertaining to the years from FY 2005-2006 to FY 2010-2011 and to not accrue for sales commission for FY 2011-2012, amounting to Rs. 1,700 Lakhs. However, pending the final disposal of legal proceedings in relation to disputes between Tech Mahindra Ltd and Venture Global LLC, the Board decided to account for a contingency provision for the sales commission amounting to Rs. 5,290 Lakhs covering the period from FY 2005-2006 to FY 2011-2012. Considering the Order of the Honorable High Court of Andhra Pradesh dated August 23, 2013 directing all parties to maintain status quo, the Board based on a legal opinion decided not to reverse the contingency provision made in FY 2011-2012. Further, since the matter is subjudice, sales commission for subsequent periods has been disclosed as a contingent liability amounting to Rs. 14,460 Lakhs as on March 31, 2018 (March 31, 2017: Rs. 11,220 Lakhs).

Preparation of financial statements

At the Annual General Meetings of SVES held on October 29, 2012, September 10, 2013, September 22, 2014, September 07, 2015, July 29, 2016 and July 19, 2017 one of the shareholders abstained from voting on the resolution for adoption of audited financial statements as at and for the years ended March 31, 2012, March 31, 2013, March 31, 2014, March 31, 2015, March 31, 2016 and March 31, 2017 respectively. In the absence of unanimous consent of both the shareholders of SVES, the said financials have not been approved.

The financial statements as at and for the year ended March 31, 2018 have been drawn up incorporating the opening balances based on above said financial statements which have not been adopted by the Shareholders. Adjustments required, if any, will be made in accounts as and when determined.

- 5 The Company on May 4, 2017, through its wholly owned subsidiary Tech Mahindra (Americas) Inc. acquired 84.7 % stake in CJS Solutions Group, LLC (CJS) for an initial consideration of Rs. 57,420 Lakhs (USD 895 Lakhs). Further the subsidiary of the Company has acquired call and written put options on the 15.3% Non-Controlling Interest to be exercised over a three-year period ended December 31, 2019, based on variable pricing formula determined in the share purchase agreement with an overall cap of USD 1,305 Lakhs. Financial liability towards consideration payable for acquisition of balance stake from minority shareholders as at March 31, 2018 amounts to USD 189 Lakhs (Rs 12,320 Lakhs).
- 6 During the year, the Company, in accordance with the shareholders agreement, acquired an additional 32.07% stake in Comviva Technologies Limited from Bharati Group and Westbridge Ventures II Investment Holdings for a total consideration of Rs. 36,186 Lakhs and 0.68% stake from Comviva ESOP Trust for a consideration of Rs. 700 Lakhs respectively. As a result of this, the Company now holds 99.85 % stake in Comviva Technologies Limited as on March 31, 2018.
- 7 Tax expense for the Quarter Ended ("QE") March 31, 2018 is net of excess provision of Rs. 430 Lakhs of earlier periods, no longer required, written back (QE December 31, 2017: Rs. 22,603 Lakhs; QE March 31, 2017: Rs 709 Lakhs).
Tax expense for the year ended March 31, 2018 is net of excess provision of Rs. 25,728 Lakhs of earlier periods, no longer required, written back (year ended March 31, 2017: Rs. 7,686 Lakhs).
- 8 The Consolidated Financial Results of the Company for the quarter and year ended March 31, 2017, were audited by the predecessor auditor firm, who vide its report dated May 26, 2017, expressed an unmodified opinion on those Consolidated Financial Results.



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Audited Consolidated Balance Sheet

Particulars	Rs. in Lakhs	
	As at March 31, 2018	As at March 31, 2017
ASSETS		
Non-Current Assets		
(a) Property, Plant and Equipment	2,98,098	3,07,174
(b) Capital Work-in-Progress	23,993	37,286
(c) Investment Property	19,056	10,107
(d) Goodwill	2,77,266	2,62,791
(e) Intangible Assets	1,67,810	65,941
(f) Financial Assets		
(i) Investments	1,24,583	23,081
(ii) Trade Receivables	1,380	1,556
(iii) Loans	524	91
(iv) Other Financial Assets	24,679	43,291
(g) Advance Income Taxes (Net of provisions)	1,77,753	1,31,353
(h) Deferred Tax Assets (Net)	57,656	26,744
(i) Other Non-Current Assets	60,224	64,585
Total Non - Current Assets	12,33,022	9,74,000
Current Assets		
(a) Inventories	6,594	6,106
(b) Financial Assets		
(i) Investments	3,44,494	2,16,470
(ii) Trade Receivables	6,49,789	5,33,772
(iii) Cash and Cash Equivalents	1,96,606	2,00,127
(iv) Other Balances with Banks	1,07,823	1,21,733
(v) Loans	15,000	42,860
(v) Other Financial Assets	2,94,167	2,93,220
(c) Other Current Assets	1,96,230	2,15,714
	18,10,703	16,30,002
Assets held-for-sale	0	2,652
Total Current Assets	18,10,703	16,32,654
TOTAL ASSETS	30,43,725	26,06,654
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	44,170	43,877
(b) Other Equity	18,40,114	15,99,842
Equity Attributable to Owners of the Company	18,84,284	16,43,719
Non controlling Interest	50,908	46,412
Total Equity	19,35,192	16,90,131
Liabilities		
Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	77,112	38,527
(ii) Other Financial Liabilities	57,292	49,650
(b) Provisions	55,511	62,010
(c) Deferred tax liabilities (Net)	580	954
(c) Other Non-Current Liabilities	3,330	3,051
Total Non - Current Liabilities	1,93,825	1,54,192
Current liabilities		
(a) Financial Liabilities		
(i) Borrowings	95,487	83,420
(ii) Trade Payables	2,03,679	1,80,592
(iii) Other Financial Liabilities	1,87,689	92,875
(b) Other Current Liabilities	1,70,720	1,61,244
(c) Provisions	40,304	38,704
(d) Current Tax Liabilities (Net)	93,789	82,456
Total Current Liabilities	7,91,668	6,39,291
Suspense Account (Net)	1,23,040	1,23,040
TOTAL EQUITY AND LIABILITIES	30,43,725	26,06,654



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9 Previous period's figures have been regrouped wherever necessary.

10 Emphasis of Matters

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

(i) With relation to Note 3 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 various 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 external legal opinion, as more fully described in note 3, 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 should be 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.

(ii) With relation to Note 4 in case of one of the subsidiaries of the Group, the other auditors in their auditor's report have drawn attention to a possible charge, that may arise in respect of the on-going dispute which is currently sub-judice between the promoters of the subsidiary on various issues relating to the shareholders agreement, the outcome of which is not determinable at this stage.

Further, the auditors have drawn attention to the fact that the annual financial statements for the years ended from March 31, 2012 to March 31, 2017 have not been adopted by the members of that subsidiary in their respective annual general meetings in the absence of unanimous consent of both the shareholders in terms of the Articles of Association of the subsidiary company. The financial statements as at and for the year ended March 31, 2018 have been drawn up incorporating the opening balances based on the above mentioned financial statements which have not been adopted by the shareholders of the subsidiary company. Adjustments to the opening balances, if any, will be made in the financial statements as and when determined.

11 Management response to Emphasis of Matters:

With regard to the Emphasis of Matters stated in Note 10 above, there are no additional developments on Emphasis of Matters mentioned in Notes 3 and 4 above which require adjustments to the financial statements.

12 The Standalone 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 : May 25, 2018

Place : Mumbai

C.P. Gurnani
Managing Director & CEO

