

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 nine months period ended December 31, 2019

Particulars		Quarter ended			Nine months period ended		Rs. in Million
		December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	Year ended
							March 31, 2019
1	Revenue from Operations	76,991	70,957	69,897	216,535	201,550	272,196
2	Other Income	2,896	5,801	814	11,085	6,678	9,601
3	Total Income (1 + 2)	79,887	76,758	70,711	227,620	208,228	281,797
4	EXPENSES						
	Employee Benefit Expenses	23,579	23,510	21,547	69,491	62,411	84,440
	Subcontracting Expenses	31,092	27,880	25,488	85,675	74,877	101,207
	Finance Costs	157	120	129	398	328	431
	Depreciation and Amortisation Expense	1,669	1,704	1,621	4,954	5,071	6,587
	Other Expenses	10,895	8,687	8,078	28,955	24,183	34,859
	Total Expenses	67,392	61,901	56,863	189,473	166,870	227,524
5	Profit before Tax (3 - 4)	12,495	14,857	13,848	38,147	41,358	54,273
6	Tax Expense						
	Current Tax	3,448	787	1,877	7,199	7,542	10,652
	Deferred Tax	(185)	102	442	(479)	(177)	(183)
	Total Tax Expense	3,263	889	2,319	6,720	7,365	10,469
7	Profit after tax (5 - 6)	9,232	13,968	11,529	31,427	33,993	43,804
8	Other Comprehensive Income / (losses)						
	A. Items that will not be reclassified to Profit or Loss (net of taxes)	56	(48)	(89)	(64)	(73)	(93)
	B. Items that will be reclassified to Profit or Loss (net of taxes)	(1,648)	(35)	4,265	(1,464)	761	1,763
	Total Other Comprehensive Income (A+B)	(1,592)	(83)	4,176	(1,528)	688	1,670
9	Total Comprehensive Income (7 + 8)	7,640	13,885	15,705	29,899	34,681	45,474
10	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,827	4,824	4,905	4,827	4,905	4,917
11	Total Reserves						201,557
12	Earnings Per Equity Share (Rs)						
	(EPS for the quarter and nine months ended periods is not annualised)						
	- Basic	9.55	14.44	11.72	32.50	34.55	44.58
	- Diluted	9.48	14.35	11.64	32.28	34.33	43.93

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Notes :

- 1 The quarterly and nine 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 January 31, 2020.
- 2 **Certain matters relating to erstwhile Satyam Computer Services Limited (erstwhile Satyam):**

Proceedings in relation to 'Alleged Advances':

Erstwhile Satyam had, in the past, 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 with legal notices claiming repayment for a sum of Rs. 12,304 million together with damages/compensation @ 18% per annum till the date of repayment. The erstwhile Satyam had not acknowledged any liability and replied to the legal notices stating that the claims are not legally tenable. Subsequently, the 37 companies filed petitions for recovery against the erstwhile Satyam before the City Civil Court, Secunderabad of which 1 petition was converted into a suit and the balance 36 petitions are at various stages of pauperism/suit admission.

The Hon'ble High Court in its Order approving the merger of the erstwhile Satyam with the Company, held that in the absence of Board resolutions and documents evidencing acceptance of unsecured loans, i.e. alleged advances, by the former Management of the erstwhile Satyam, the new Management of the erstwhile Satyam is justified in not crediting the amounts received in their names and not disclosing them as creditors and in disclosing such amounts as 'Amounts pending investigation suspense account (net)' in the financial statements. The Hon'ble High Court held, inter-alia, that the contention of the 37 companies that Satyam is retaining the money, i.e. the alleged advances, of the 'creditors' and not paying them does not appear to be valid and further held that any right of the objecting creditors can be considered only if the genuineness of the debt is proved.

Appeals were filed before the Division Bench of the Hon'ble High Court of Andhra Pradesh against the Order of the single judge 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 also filed an appeal 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. Subsequently, ED had attached Fixed Deposits for an aggregate value of Rs.8,220 million alleged to be the proceeds of crime. The Hon'ble High Court of Judicature at Hyderabad granted stay on December 11, 2012 and set aside the Provisional attachment order on December 31, 2018. Subsequently, ED filed a Special Leave Petition (SLP) before the Hon'ble Supreme Court of India against the above order of the Hon'ble High Court of Telangana.

In view of these 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 Tax expense for the nine months period ended December 31, 2019 is net of provision of Rs.1,829 Million of earlier periods, no longer required, written back. (Quarter ended "QE" December 31, 2019: Rs. Nil) (QE September 30, 2019: Rs. 1,829 Million) (QE December 31, 2018: Rs. 1,351 Million) (Nine months period ended December 31, 2018: Rs. 3,018 Million). Tax expense for the year ended March 31, 2019 is net of provision of Rs. 3,018 Million of earlier periods, no longer required, written back.
- 4 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. The effect of adoption of this standard is not significant on the profit for the period and earnings per share.
- 5 The Company, pursuant to a share purchase agreement acquired 100% stake in Born Commerce Private Limited on November 25, 2019 for a consideration of USD 12 million (Rs.873 Million). Further the Company through its wholly owned subsidiary Tech Mahindra Singapore Pte. Limited, acquired 100% stake in Born Singapore Pte. Limited on November 26, 2019 for an upfront consideration of USD 59 Million (Rs. 4,224 Million) and contingent consideration linked to financial performance of calendar year 2019, payable by Tech Mahindra Singapore Pte.Limited.
- 6 **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.
- 7 **Management response to Emphasis of Matter:**

With regard to the Emphasis of Matter stated in Note 6 above, there are no additional developments on Emphasis of Matter mentioned in Note 2 above which require adjustments to the financial results.
- 8 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 at the web-link: (<https://www.techmahindra.com/investors/financials.aspx>).

Date : January 31, 2020
Place : Mumbai

C. P. Gurnani
Managing Director & CEO