Revenue for the quarter at Rs.75,575 Mn, up 5.4% sequentially and 12.8% over previous year
Profit after tax for the quarter at Rs.8,560 Mn, up 32.8% sequentially and 13.9% 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 : L64200MH1986PLC041370

Consolidated Audited Financial Results for the quarter and nine months ended December 31, 2016

PART I — Rs.in Lakhs

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015	March 31, 2016
1 Income from Operations (Net)	755,750	716,741	670,114	2,164,584	1,961,050	2,649,423
2 Expenses						
a) Employee benefits expense	393,202	390,217	348,962	1,146,159	1,032,451	1,394,747
b) Services rendered by Business Associates and Others	89,464	87,436	91,444	264,092	273,320	357,267
c) Depreciation and amortisation expense	24,797	24,475	17,266	69,460	54,160	75,892
d) Other expenses	154,437	132,074	116,910	425,757	343,308	470,335
Total Expenses	661,900	634,202	574,582	1,905,468	1,703,239	2,298,241
3 Profit from operations before other income and finance costs (1-2)	93,850	82,539	95,532	259,116	257,811	351,182
4 Other Income						
Exchange gain/(loss) (net)	9,042	8,630	(1,374)	22,461	4,565	10,082
Other Income	6,476	5,239	7,563	31,506	23,842	34,306
Total	15,518	13,869	6,189	53,967	28,407	44,388
5 Profit before finance costs (3+4)	109,368	96,408	101,721	313,083	286,218	395,570
6 Finance costs	3,488	3,452	2,460	9,680	6,357	9,704
7 Profit after finance costs but before tax (5-6)	105,880	92,956	99,261	303,403	279,861	385,866
8 Share of Profit / (Loss) of Associates	15	(15)	(10)	(234)	135	263
9 Profit before tax	105,895	92,941	99,251	303,169	279,996	386,129
10 Tax expense	21,409	28,601	23,302	74,689	63,769	81,832
11 Profit after tax	84,486	64,340	75,949	228,480	216,227	304,297
12 Profit for the Quarter attributable to:						
Owners of the Company	85,598	64,473	75,123	225,082	214,990	300,834
Non Controlling Interests	(1,112)	(133)	826	3,398	1,237	3,463
13 Other Comprehensive Income for the period	1,584	(1,234)	16,771	6,630	13,354	23,677
14 Total Comprehensive Income for the period	86,070	63,106	92,720	235,110	229,581	327,974
15 Total Comprehensive Income for the Period attributable to:						
Owners of the Company	88,298	63,830	91,900	233,370	228,261	324,500
Non Controlling Interests	(2,228)	(724)	820	1,740	1,320	3,474
16 Paid-up Equity Share Capital (Face Value of Share Rs. 5)	43,826	43,768	43,504	43,826	43,504	43,545
17 Total Reserves						1,415,902
18 Earnings Per Equity Share (Rs) (not annualised)						
- Basic	9.79	7.38	8.67	25.73	24.82	34.69
- Diluted	9.63	7.25	8.46	25.33	24.22	33.89

Standalone Information (Audited) — Rs.in Lakhs

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015	March 31, 2016
Income from Operations	591,286	568,219	522,674	1,724,181	1,550,300	2,096,981
Profit before tax	102,498	113,265	81,059	310,765	299,249	388,081
Profit after tax	85,189	87,221	62,343	246,159	240,950	317,727

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 — Rs.in Lakhs

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015	March 31, 2016
Segment Revenue						
a) IT	703,116	668,461	617,224	2,014,790	1,812,500	2,452,473
b) BPO	52,631	48,280	52,890	149,794	148,550	196,950
Total	**755,747**	**716,741**	**670,114**	**2,164,584**	**1,961,050**	**2,649,423**
Less: Inter Segment Revenue	-	-	-	-	-	-
Net Sales / Income from operations	**755,747**	**716,741**	**670,114**	**2,164,584**	**1,961,050**	**2,649,423**
Segment Profit before tax, interest and depreciation						
a) IT	144,934	135,532	135,621	410,805	387,910	531,733
b) BPO	15,642	13,338	16,095	43,354	45,146	58,961
Total	**160,576**	**148,870**	**151,716**	**454,159**	**433,056**	**590,694**
Less:						
(i) Finance costs	3,488	3,452	2,460	9,680	6,357	9,704
(ii) Other un-allocable expenditure Net off un-allocable income	51,208	52,462	49,995	141,076	146,838	195,124
Profit before tax	**105,880**	**92,956**	**99,261**	**303,403**	**279,861**	**385,866**

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Consolidated Audited Financial Results for the quarter and nine months ended December 31, 2016

Rs.in Lakhs

Statement of segment Assets and Liabilities	December 31, 2016	September 30, 2016	December 31, 2015	March 31, 2016
Segment Assets				
Trade and Other Receivables				
IT	829,596	841,871	765,085	809,022
BPO	48,118	58,017	49,513	43,478
Total Trade Receivables	**877,714**	**899,888**	**814,598**	**852,500**
Unallocable Assets	1,652,230	1,510,203	1,293,127	1,391,445
TOTAL ASSETS	**2,529,944**	**2,410,091**	**2,107,725**	**2,243,945**
Segment Liabilities				
Unallocable Liabilities	2,529,944	2,410,091	2,107,725	2,243,945
TOTAL LIABILITIES	**2,529,944**	**2,410,091**	**2,107,725**	**2,243,945**

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 :

1. The quarterly and nine monthly results have been reviewed by the Audit Committee and taken on record by the Board of Directors in its meeting held on January 30, 2017.

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

In the letter dated January 7, 2009 Mr. B. Ramalinga Raju, the then Chairman of erstwhile Satyam, stated that the Balance Sheet of erstwhile Satyam as at September 30, 2008 carried inflated cash and bank balances, non-existent accrued interest, an understated liability and an overstated debtors position. Consequently, 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 and issued notices calling for information including from certain subsidiaries which have been responded to.

In 2009, SFIO initiated two proceedings against erstwhile Satyam for Companies Act violations which have since been compounded. On December 24, 2009, SFIO filed its report under Section 235 of the Companies Act before the Company Law Board (CLB) which stated that ‘all these offences and violations relating to fraud have already been covered by CBI in its charge-sheet and a prosecution has been launched by CBI under various sections of Indian Penal Code in none of which erstwhile Satyam was made a party. Consequently, the CLB vide its further Order dated March 1, 2016 struck off the name of the Company from the array of respondent in the Company Petition filed by the Ministry of Company Affairs (MCA). There are no other proceedings initiated by SFIO/CLB against the Company and the Management does not expect any further proceedings or penal action in this regard.

On a FIR filed by one of the investors, the Andhra Pradesh Crime Branch, Crime Investigation Department (AP CB CID), Hyderabad started an investigation into the fraud in 2009, which was subsequently transferred to CBI, Hyderabad. In all, there were 3 separate complaints instituted by the CBI before the XIV Additional Chief Metropolitan Magistrate cum Special Sessions Court, Hyderabad (Special Court). By a common judgment dated April 9, 2015, the Special Court found the accused persons guilty and convicted them. The Company was not named as an accused in the proceedings and in the said judgment. Thus, in the opinion of the Management, the matter is closed so far as the Company is concerned and no proceedings against the Company are envisaged in this regard.

Further, certain non-compliances/breaches of various laws and regulations by the erstwhile Satyam under the former Management (prior to Government nominated Board) were identified by various agencies including but not limited to the following - payment of remuneration/commission to whole-time directors/non-executive directors in excess of the limits prescribed under the Act, unauthorised borrowings, excess contributions to Satyam Foundation, loan to ASOP Trust (Satyam Associates Trust) without prior Board approval under the Act, delay in deposit of dividend in the bank, dividend paid without profits, non-transfer of profits to general reserve relating to interim dividend declared, utilisation of the Securities Premium account, declaration of bonus shares and violation of SEBI ESOP Guidelines, 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.

On May 22, 2013, the ED had issued a show-cause notice to the erstwhile Satyam for contravention of provisions of the Foreign Exchange Management Act, 1999 (FEMA) for alleged non-repatriation of American Depository Receipts (ADR) proceeds aggregating USD 39.2 Million. The Company has responded to the ED’s show-cause notice on March 28, 2014 and has not received any further communication in this regard.

The ED had also issued a show-cause notice to the erstwhile Satyam on April 28, 2011 for contravention of the provisions of FEMA and the Foreign Exchange Management (Realisation, Repatriation and Surrender of Foreign Exchange) Regulations, 2000, in respect of the non-realisation and repatriation of export proceeds to the extent of foreign exchange equivalent to Rs. 5060 Lakhs for invoices raised during the period July 1997 to December 31, 2002. The erstwhile Satyam has responded to the show-cause notice and has not received any further communication in this regard.

As per the assessment of the Management, based on the forensic investigation and the information available, all identified/required adjustments/disclosures arising from the identified financial irregularities, had been made in the financial statements of erstwhile Satyam as at March 31, 2009. Considerable time has elapsed after the initiation of investigation by various regulators/agencies and no new information has come to the Management’s notice which requires adjustments to the financial statements. Further, as per above, the investigations have been completed and no new claims have been received which need any further evaluation/adjustment/disclosure in the books of account.

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 these companies dated August 4/5, 2009, claiming repayment of the alleged advances aggregating Rs. 123040 Lakhs stated to be given as temporary advances but without any evidence in support of the nature of these transactions. This is also borne out in the internal forensic investigation. 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.

One petition where court fees have been paid, the pauper petition was converted into a suit which is pending disposal. The petitions filed by remaining 36 companies are before the Court, at various stages of rejection of pauperism/trial of pauperism/inquiry to condone the delay in applications. In one petition, the delay in submission of the petition has been condoned by the Court and the Company has obtained an interim stay Order from the Honorable High Court of Andhra Pradesh, which has remanded the matter to the lower Court directing to consider the application afresh. Lower Court upon hearing the application has condoned the delay in re-submission of pauper petition. The Company has challenged the said order in Revision before the High Court of Andhra Pradesh, which is pending hearing. In another development, Company has also filed a Revision against the orders of the Lower Court in the application filed by the Company to recall the Order in numbering the pauper petition as Original Petition. Honorable High Court has been pleased to stay the proceedings until further orders.

The Honorable High Court in its Order approving the merger of the erstwhile Satyam with the Company, further 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 Honorable 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 beyond doubt which is not so in this case.

The said 37 companies 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 Satyam Computer Services Limited (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. 82200 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 deposit which were attached, fixed deposits aggregating Rs 35700 Lakhs have been redeemed. Certain banks have not honored the redemption claim and the Company is pursuing the matter legally.

A criminal case was filed by the ED before the Honorable XXI Additional Chief Metropolitan Magistrate, Hyderabad cum Special Sessions Court (Trial Court) under the PMLA against erstwhile Satyam along with 212 accused persons. The Company had challenged the above prosecution before the Honorable High Court of Andhra Pradesh which quashed the criminal complaint against the Company vide its Order dated December 22, 2014. On an appeal preferred by the ED, the Divisional Bench of the High Court, however passed an interim Order allowing the hearing for framing 'Charges'. A Special Leave Petition was filed by the Company before the Honorable Supreme Court of the India, which, vide its Order dated May 11, 2015, directed the Honorable High Court of Andhra Pradesh to dispose off the Writ Appeal on its merits and preferably within a period of four months and further stayed the proceeding before the Trial Court. The said Appeal is pending for hearing.

In view of the aforesaid developments, which occurred and crystallised during the previous year and also 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, at this point of time, the Company has accounted and disclosed the amount of Rs. 123040 Lakhs as 'Suspense Account (net)', provided earlier. 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. Satyam Venture Engineering Services Private Limited (SVES)
Accounting for sales commission
During the financial year 2011-12, the Board of SVES re-assessed the need to accrue sales commission in its books and based on such re-assessment took the view, when the financial statements of SVES for the year ended March 31, 2012 was tabled for approval, that the accrual of sales commission from FY 05-06 to FY 10-11 of Rs. 3590 Lakhs be written back as other income in the Statement of Profit and Loss and the sales commission for the period from April 2011-December 2011 be reversed.

However, as a prudent measure, the Board directed that SVES to provide an amount of Rs. 5290 Lakhs as a provision for contingency, covering the period from FY 05-06 to FY 11-12 which in its opinion would be adequate to cover any possible outflow that may arise in respect of the above aforesaid matter and adjustments to the financial statements if any, arising out of dispute between joint venture partners to be made on final disposal of legal proceedings.

Taking into accounts subsequent legal developments and an order of the Honorable High Court of Andhra Pradesh dated August 23, 2013 in the matter directing all parties to maintain status quo, the Board of SVES did not make any provision for contingency in the current period ended December 31, 2016 towards sales commission but instead disclosed an amount of Rs. 10370 Lakhs as contingent liability to cover any possible charge that may arise in respect of the above said matter, in the financial statements for the nine months ended December 31, 2016 and by way of abundant caution considering the issues before judicial authorities, notwithstanding the Board's view that there is no need to accrue sales commission.

Preparation of financial statements
At the Annual General Meetings of the SVES held on October 29, 2012, September 10, 2013, September 22, 2014, September 07, 2015 and July 29, 2016 one of the shareholders abstained from voting on the resolution for adoption of audited financial statements as at and for the year ended March 31, 2012, March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016 respectively. In terms of Article 66 of the Articles of Association of SVES, the adoption of audited financial statements requires unanimous consent of both the shareholders of SVES. Therefore, the said financials have not been approved by the shareholders.

The financial statements as at and for the period ended December 31, 2016 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.

4. Other income for the nine months ended December 31, 2015 includes Rs. 3185 Lakhs write back of an estimated excess provision for contingencies provided in an earlier year by erstwhile Satyam, based on actual receipt of VAT refund from the Joint Commissioner of Commercial Tax, Bangalore for Karnataka Value Added Tax and Central Sales Tax.

5. On April 29, 2016, Company had incorporated a subsidiary, PF Holdings B.V. in Netherlands. The Company infused EUR 25.10 Million (Rs. 18840 Lakhs) in share capital of PF Holdings B.V. for 60% stake. On May 30, 2016, the Company jointly with Mahindra & Mahindra, through PF Holdings B.V., completed the acquisition of purchasing the controlling stake in Pininfarina S.p.A., an iconic Italian brand in automotive and industrial design. As per the agreement, the Company and Mahindra and Mahindra purchased 76.06 % stake for a total upfront consideration of EUR 25.24 Million (Rs. 18950 Lakhs). Accordingly, Pininfarina S.p.A. became a step-down subsidiary of the Company w.e.f the said date.
Further, as per the share purchase agreement, PF Holdings B.V. made an open public offer to acquire remaining 7205128 shares of Pininfarina S.p.A at a price of Euro 1.10 per share, payable upfront. The open offer concluded on July 29, 2016 in which 22348 equity shares were purchased and transferred on August 5, 2016 in the name of PF Holdings B.V. and accordingly, PF Holdings B.V. increased its holding to 76.18% of the share capital of Pininfarina S.p.A.

Consolidated Audited Financial Results for the quarter and nine months ended December 31, 2016

6. The Company, through its subsidiary, Tech Mahindra Fintech Holdings Limited acquired 100 % equity stake in Target Topco Limited, a company based in UK on August 19, 2016 for an aggregate consideration upto GBP 163.75 Million. The company, as per the share purchase agreement paid the initial consideration of GBP 102.75 Million (Rs. 90350 Lakhs) and accrued on fair value the balance consideration of GBP 20.22 Million (Rs. 17440 Lakhs) which is payable on mutually agreed performance milestones in Calendar year 2020.

7. The Company, on June 21, 2016 entered into an agreement to acquire 100 % share capital in The Bio Agency Limited, a company based in UK for a consideration upto GBP 43.26 Million. The company, on July 1, 2016 completed the acquisition and paid the initial consideration of GBP 24.91 Million (Rs. 22650 Lakhs). The balance consideration payable on mutually agreed performance milestones has been accrued on fair value amounting to GBP 12.42 Million (Rs. 11277 Lakhs).

8. Current tax expense for the quarter and nine months ended December 31, 2016 is net of excess provision of Rs. 8993 Lakhs and Rs. 6977 lakhs respectively (quarter and nine months ended December 31, 2015: Rs. 1553 lakhs and Rs. 3585 lakhs respectively) of previous periods written back, no longer required.

9. Total assets of Rs. 351422 lakhs (14% of total assets) as at December 31, 2016, total revenue of Rs. 91978 lakhs (12% of quarter revenues) and Rs. 248651 lakhs (11% of nine monthly revenues) for the quarter and nine months ended December 31, 2016 respectively and total loss after tax of Rs. 5860 lakhs (7% of quarterly profit after tax) and total profit after tax of Rs. 5640 lakhs (2% of nine monthly profit after tax) and Total comprehensive loss of Rs. 7981 lakhs (9% of quarter Total comprehensive income) and Total comprehensive loss of Rs. 9094 lakhs (4% of nine monthly Total comprehensive income) for the quarter and nine months ended December 31, 2016, respectively, as considered in the consolidated financial results have not been audited.

10. The Group has prepared its first Indian Accounting Standards (Ind AS) compliant Consolidated Financial Statements for the periods commencing April 1, 2016 with restated comparative figures for the year ended March 31, 2016 in compliance with Ind AS. The Group had prepared these financial statements in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013. Accordingly, the Balance Sheet, in line with Ind AS transitional provisions, has been prepared as at April 1, 2015, the date of company's transition to Ind AS. In accordance with Ind AS 101 First-time Adoption of Ind AS, the Group has presented below a reconciliation of net profit as presented in accordance with Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to total comprehensive income for the quarter and nine months ended December 31, 2015 and for the year ended March 31, 2016-

Rs. in Lakhs

Particulars	Note No.	Quarter ended December 31, 2015	Nine months ended December 31, 2015	Year ended March 31, 2016
Net Profit as per Previous GAAP attributable to:				
Owners of the company		75,924	222,094	311,804
Non Controlling Interest		973	1,779	4,132
Net Profit as per Previous GAAP		**76,897**	**223,873**	**315,936**
Adjustments				
Impact of business combinations		-	-	(85)
Adjustments w.r.t. entities under common control		15	(5,730)	(5,745)
Impact of stock compensation cost	ii	(558)	(2,411)	(3,269)
Provision reversal of non-current investment	i	-	(2,435)	(2,435)
Actuarial gain on defined benefit liability recognised in Other Comprehensive income	vi	(23)	(697)	(643)
Gain / (loss) on fair valuation of current investments (mutual funds)	iv	64	60	230
Exchange difference on translation of financial statement of foreign operations	vi	(394)	(2,899)	(3,813)
Tax Adjustments	v	(29)	6,529	4,183
Others		(23)	(63)	(62)
Net Profit as per Ind AS		**75,949**	**216,227**	**304,297**
Other Comprehensive Income	vi	16,771	13,354	23,677
Total Comprehensive Income as per Ind AS		**92,720**	**229,581**	**327,974**
Owners of the company		91,900	228,261	324,500
Non Controlling Interest		820	1,320	3,474

Footnotes to the reconciliation between Previous GAAP and Ind AS.

i) Fair Value Through Other Comprehensive Income (FVTOCI) Financial assets:
Under the Previous GAAP, the Group accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments (other than subsidiaries and associates) as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value and accordingly total comprehensive income has been increased by Rs. 1,714 Lakhs and Rs. 2,235 Lakhs for the quarter and nine months ended December 31, 2015 respectively and decreased by Rs. 546 Lakhs for the year ended March 31, 2016.

The Group, under the Previous GAAP had made provision for diminution in value of quoted investments in earlier years, now under Ind AS since investments are accounted at fair value, provision for diminution, no longer required has been reversed by the group and corresponding effect has been given by crediting equity by Rs. 2435 Lakhs as at transition date. During the nine months ended December 31, 2015, the group had already reversed the provision for diminution in value of quoted investment of Rs. 2435 Lakhs in Previous GAAP financials. Since, this impact had already been given on transition date, profit under Ind AS has been decreased by Rs. 2435 Lakhs for nine months ended December 31, 2015 and year ended March 31, 2016.

ii) Share based payments:
Company's stock option cost applicable to employees of group companies, net of reimbursements, have been considered as capital contribution.
Further, under the Previous GAAP, the Group recognised compensation cost based on intrinsic value method. Ind AS 102 "Share-based Payment", requires compensation cost to be recognised at fair value as at grant date to be determined using an appropriate pricing model over the vesting period. Accordingly, stock compensation cost has been measured in accordance with Ind AS 102 and profit has been decreased by Rs. 558 Lakhs, Rs. 2411 Lakhs and Rs. 3269 Lakhs for the quarter and nine months ended December 31, 2015 and year ended March 31, 2016 respectively.

iii) Foreign currency translation:
In accordance with Ind AS 21, The Effects of Changes in Foreign Exchange Rates, Goodwill arising on acquisition of foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation shall be treated as assets and liabilities of the foreign operation. Thus they shall be expressed in the functional currency of the foreign operation and shall be translated at the closing rate in accordance with the standard. Other comprehensive income has been increased by Rs. 846 Lakhs, Rs 4916 lakhs and Rs 5837 Lakhs for the quarter ended December 31, 2015, nine months ended December 31, 2015 and year ended March 31, 2016 respectively.

In Previous GAAP, assets of integral foreign operations were carried at historical exchange rates and non-integral foreign operations at closing exchange rates. Now in accordance with Ind AS 21, Property, Plant and Equipment of integral foreign operations has been restated at closing rate and other comprehensive income has increased by Rs. 160 Lakhs, Rs. 554 Lakhs and Rs. 600 Lakhs for quarter ended December 31, 2015, nine months ended December 31, 2015 and year ended March 31, 2016 respectively.

iv) Fair Value Through profit or loss in respect of Financial assets:
Under the Previous GAAP, the Group accounted for its current investment in mutual funds on the basis of cost or net realizable value, whichever is lower. Ind AS requires the same to be measured at fair value. Accordingly, current investment in mutual funds have been measured at fair value and profit has increased by Rs. 64 Lakhs, Rs. 60 Lakhs and Rs. 230 Lakhs for the quarter and nine months ended December 31, 2015 and for the year ended March 31, 2016.

v) Deferred tax
Previous GAAP required deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

These adjustments have resulted in decrease in profit by Rs. 29 Lakhs for quarter ended December 31, 2015 and increased by Rs 6529 Lakhs for nine months ended December 31, 2015, and increase by Rs 4183 Lakhs for the year ended March 31, 2016.

Tax adjustments are primarily on account of deferred taxes liability recognised on undistributed earnings of subsidiaries.

vi) Other Comprehensive income:
Under the Previous GAAP, the group was not required to present other comprehensive income (OCI) separately. As per Ind AS, actuarial gain/loss on defined benefit liability and effective portion of cash flow hedges has been shown separately and routed through OCI.

11. Previous period figures have been regrouped/rearranged wherever necessary.

12. Emphasis of Matters
The Emphasis of Matters in the Auditor's Report pertains to the following:
(i) 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:
During the previous year ended March 31, 2016, the Additional Chief Metropolitan Magistrate cum Special Sessions Court, Hyderabad vide common judgement on April 9, 2015 convicted the accused persons in 3 separate complaints instituted by the Central Bureau of Investigation (CBI), which also covered the matters investigated by the Serious Fraud Investigation Office (SFIO). The Company was not named as an accused in the proceedings and in the said judgment. The Management does not believe there will be any further proceedings against the Company in this respect. The Company Law Board vide its further Order dated March 1, 2016 has also struck off the name of the Company from the array of respondent in the petition filed by the Ministry of Company Affairs (MCA).

Further, as explained in note 2, 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 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. 123040 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 as explained in the note.

(ii) Note 3 in respect of one of the subsidiary of the Company whose financial statements /financial information reflect total revenues of Rs. 9,139 lakhs and Rs 26,414 lakhs for the quarter and nine months ended December 31, 2016 respectively, profit after tax of Rs. 1,057 lakhs and Rs 4,088 lakhs for the quarter and nine months ended December 31, 2016 respectively and Total comprehensive income of Rs. 1,052 lakhs and Rs 4,022 lakhs for quarter and nine months ended December 31, 2016 respectively as considered in the consolidated financial results, the other auditors have drawn attention to the 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 March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 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 nine months ended December 31, 2016 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.

13. Management response to Emphasis of Matters:
With regard to the emphasis of matters stated in Note 12 above, there are no additional developments on Emphasis of Matter mentioned in Note 2 and 3 above which require adjustments to the financial statements.

14. 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 : January 30, 2017	**C. P. Gurnani**
Place : Mumbai	**Managing Director & CEO**