

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 ended June 30, 2017

	Particulars	Quarter ended			Year ended
		June 30, 2017	March 31, 2017	June 30, 2016	March 31, 2017
1	Revenue from Operations	575,354	592,358	564,676	2,316,539
2	Other Income	39,547	15,857	17,501	89,294
3	Total Revenue (1 + 2)	614,901	608,215	582,177	2,405,833
4	EXPENSES				
	Employee Benefits Expense	203,943	198,256	185,038	774,438
	Subcontracting Expenses	225,468	228,128	216,610	875,689
	Finance Costs	1,722	1,195	1,463	6,379
	Depreciation and Amortisation Expense	14,786	17,764	14,210	62,221
	Other Expenses	68,310	85,764	69,855	299,233
	Total Expenses	514,229	531,107	487,176	2,017,960
5	Profit before Tax (3 - 4)	100,672	77,108	95,001	387,873
6	Tax Expense				
	Current Tax	20,790	11,524	22,334	72,300
	Deferred Tax	344	7,010	(1,081)	10,840
	Total Tax Expense	21,134	18,534	21,253	83,140
7	Profit after tax (5 - 6)	79,538	58,574	73,748	304,733
8	Other Comprehensive Income	(12,347)	16,000	1,737	27,209
9	Total Comprehensive Income (7 + 8)	67,191	74,574	75,485	331,942
10	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	48,751	48,677	48,526	48,677
11	Total Reserves				1,640,344
12	Earnings Per Equity Share (Rs) (not annualised)				
	- Basic	8.17	6.03	7.61	31.37
	- Diluted	8.07	5.95	7.49	30.94

Notes :

1 The quarterly results have been reviewed by the Audit Committee and taken on record by the Board of Directors in its meeting held on July 31, 2017.

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

Subsequent to the letter dated January 7, 2009, the then Chairman of erstwhile Satyam's confession wrt 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 various 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. 123040 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. 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 deposits 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.

In view of the aforesaid developments, which occurred and crystallized 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.

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3 The Company on May 4, 2017, through its wholly owned subsidiary Tech Mahindra (Americas) Inc completed the acquisition of The CJS Solutions Group, LLC (CJS). In accordance with the agreement, Tech Mahindra (Americas) Inc. paid the initial consideration of Rs. 67800 Lakhs (USD 105 Million) to acquire 84.74 % stake in CJS and agreed to purchase the remaining 15.26 % stake through call and put option over three years ending December 31, 2019 for additional consideration upto USD 116 Million.

4 Current tax expense for the quarter ended June 30, 2017 is net of excess provision of Rs. 1873 Lakhs (quarter ended June 30, 2016: Rs. 588 Lakhs) of previous periods written back, no longer required.

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

6 Emphasis of Matter

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

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 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.

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 the Emphasis of Matter mentioned in note 2 above which require adjustments to the financial statements/results.

Date : July 31, 2017

Place : Mumbai

C. P. Gurnani
Managing Director & CEO