

Revenue for the quarter at Rs.69,209 Mn, up 10% over previous year
Profit after tax for the quarter at Rs.7,501 Mn, up 20% 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 ended June 30, 2016

				Rs.in Lakhs
PART I				
Particulars	Quarter ended			Year ended
	June 30, 2016	March 31, 2016	June 30, 2015	March 31, 2016
		Unaudited (Refer Note 9)		
1 Income from Operations (Net)	692,093	688,373	629,382	2,649,423
2 Expenses				
a) Employee benefits expense	362,740	362,306	335,425	1,394,747
b) Travelling Expenses	31,074	21,732	30,126	96,246
c) Services rendered by Business Associates and Others	87,192	83,947	91,356	357,267
d) Depreciation and amortisation expense	20,188	21,740	17,244	75,892
e) Other expenses	108,172	105,285	81,970	374,089
Total Expenses	609,366	595,010	556,121	2,298,241
3 Profit from operations before other income and finance costs (1-2)	82,727	93,363	73,261	351,182
4 Other Income				
Exchange gain/(loss) (net)	4,789	5,510	7,985	10,082
Other Income	19,791	10,521	4,457	40,066
Total	24,580	16,031	12,442	50,148
5 Profit before finance costs (3+4)	107,307	109,394	85,703	401,330
6 Finance costs	2,740	3,397	2,146	9,704
7 Profit after finance costs but before tax (5-6)	104,567	105,997	83,557	391,626
8 Share of Profit / (Loss) of Associates	(234)	127	106	263
9 Profit before tax	104,333	106,124	83,663	391,889
10 Tax expense	24,679	18,065	21,419	81,832
11 Profit after tax	79,654	88,059	62,244	310,057
12 Profit for the Quarter attributable to:				
Owners of the Company	75,011	85,810	62,250	306,594
Non Controlling Interests	4,643	2,249	(6)	3,463
13 Other Comprehensive Income for the period	6,280	10,725	(9,756)	23,662
14 Total Comprehensive Income for the period	85,934	98,784	52,488	333,719
15 Total Comprehensive Income for the Period attributable to:				
Owners of the Company	81,242	96,521	52,453	330,242
Non Controlling Interests	4,692	2,263	35	3,477
16 Paid-up Equity Share Capital (Face Value of Share Rs. 5)	43,726	43,545	43,237	43,545
17 Total Reserves				1,415,902
18 Earnings Per Equity Share (Rs) (not annualised)				
- Basic	8.59	9.89	7.20	35.35
- Diluted	8.44	9.67	7.02	34.54
Standalone Information (Audited)				
Particulars	Quarter ended			Year ended
	June 30, 2016	March 31, 2016	June 30, 2015	March 31, 2016
		Unaudited (Refer Note 9)		
Income from Operations	564,676	546,685	501,631	2,096,981
Profit before tax	95,001	88,909	96,871	388,081
Profit after tax	73,748	76,851	80,310	317,727



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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			Year ended
	June 30, 2016	March 31, 2016	June 30, 2015	March 31, 2016
		Unaudited (Refer Note 9)		
Segment Revenue				
a) IT	643,212	639,973	584,323	2,452,473
b) BPO	48,881	48,400	45,059	196,950
Total	692,093	688,373	629,382	2,649,423
Less: Inter Segment Revenue	-	-	-	-
Net Sales / Income from operations	692,093	688,373	629,382	2,649,423
Segment Profit before tax, interest and depreciation				
a) IT	130,338	144,089	118,928	531,733
b) BPO	14,380	13,829	12,000	58,961
Total	144,718	157,918	130,928	590,694
Less:				
(i) Finance costs	2,740	3,397	2,146	9,704
(ii) Other un-allocable expenditure Net off un-allocable income	37,645	48,397	45,119	189,101
Profit before tax	104,333	106,124	83,663	391,889

Rs.in Lakhs

Statement of segment Assets and Liabilities	June 30, 2016	March 31, 2016	June 30, 2015
Segment Assets			
Trade and Other Receivables			
IT	779,031	756,657	745,319
BPO	43,634	43,478	41,161
Total Trade Receivables	822,665	800,135	786,480
Unallocable Assets	1,612,449	1,440,405	1,187,324
TOTAL ASSETS	2,435,114	2,240,540	1,973,804
Segment Liabilities			
Unallocable Liabilities	2,435,114	2,240,540	1,973,804
TOTAL LIABILITIES	2,435,114	2,240,540	1,973,804

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 results have been reviewed by the Audit Committee and taken on record by the Board of Directors in its meeting held on August 1, 2016.

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 further proceedings against the Company are envisaged in this regard.



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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

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.



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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 has not been

In view of the aforesaid developments, which occurred and crystallised during the 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 on 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 quarter towards sales commission but instead disclosed an amount of Rs. 8580 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 period ended June 30, 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 and September 07, 2015 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 and March 31, 2015 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 quarter ended June 30, 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. On May 30, 2016, the Company jointly with Mahindra & Mahindra, through an SPV (where Tech Mahindra Ltd. holds 60 %), PF Holdings BV, 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.18840 Lakhs). Accordingly, Pininfarina S.p.A. became a step-down subsidiary of the Company w.e.f the said date.

5. Tech Mahindra Limited, on May 27, 2016, entered into an agreement to acquire 100% equity in Target Topco Limited (Target Group), based in UK, subject to regulatory approvals for a consideration of GBP 64 million payable upfront, deferred consideration of GBP 16 million which is payable based on mutually agreed performance milestones. The transaction is expected to close by September 2016.

6. The Company, on June 21, 2016, entered into an agreement to acquire 100 % equity in The Bio Agency Limited, a company based in UK for a total consideration of GBP 22 million plus the surplus cash as on the date of acquisition, payable upfront and deferred consideration payable in accordance with company's performance. The Company, in June 2016, has given an advance of GBP 25 Million in regard to this said acquisition.

7. Current tax expense for the quarter ended June 30, 2016 is net of excess provision of Rs. 589 Lakhs (net) (Quarter ended March 31, 2016 : Rs.1721 Lakhs and June 30, 2015: Rs. 1243 Lakhs) of earlier periods written back, no longer required.

8. Revenue, Income from operations and total comprehensive income of certain subsidiaries amounting to Rs. 69411 lakhs (10 % of total revenue), Rs. 8385 lakhs (11 % of income from operations) and Rs. 8843 lakhs (10% of total comprehensive income) respectively for the quarter ended June 30, 2016 have not been audited.



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9. The financials results for the quarter ended March 31, 2016 has not been audited or reviewed and has been presented based on the information compiled by the management after making the necessary adjustments to give a true and fair view of the results in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013.

10. The Company has prepared its first Ind AS compliant 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. Accordingly, the Opening 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 Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to equity under Ind AS as at March 31, 2016, June 30, 2015 and April 1, 2015 and of the total comprehensive income for the quarter ended June 30, 2015.

The principal adjustments made by the Company in restating its "Previous GAAP" statement of Profit and Loss for the quarter and year ended March 31, 2016 and quarter ended June 30, 2015 are as mentioned below:

Particulars	Note No.	Quarter ended		Rs. in Lakhs
		June 30, 2015	March 31, 2016	Year ended March 31, 2016
			(Refer Note 9)	
Net Profit as per "Previous GAAP" - Attributable to:				
Owners of the company		67,607	89,708	311,804
Non Controlling Interest		152	2,353	4,132
Net Profit as per "Previous GAAP"		67,759	92,061	315,936
Adjustments				
Impact of stock compensation cost	ii	(1,051)	(860)	(3,269)
Reversal of provision of non-current investment	i	(2,435)	-	(2,435)
Gain / (Loss) on fair valuation of current investments (Mutual funds)	iv	(91)	167	230
Actuarial gain on defined benefit liability recognised in Other Comprehensive income	vi	(260)	54	(643)
Currency translation reserve on foreign operations	iii and vi	(1,244)	(937)	(3,893)
Tax adjustments	v	(435)	(2,349)	4,183
Impact of Business Combinations		10	(158)	(129)
Others		(9)	81	77
Net Profit as per Ind AS		62,244	88,059	310,057
Other Comprehensive Income	i, iii and vi	(9,756)	10,725	23,662
Total Comprehensive Income as per Ind AS		52,488	98,784	333,719
Owners of the company		52,453	96,521	330,242
Non Controlling Interest		35	2,263	3,477

Footnotes to the reconciliation between "Previous GAAP" and Ind AS.

i) Fair Value Through Other Comprehensive Income (FVTOCI) Financial assets:

Under "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 Group has designated such investments (other than subsidiary and associate) as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. Due to difference between the investments fair value and "Previous GAAP" carrying amount, total comprehensive income has been increased by an amount of Rs. 1160 Lakhs for quarter ended June 30, 2015 and decreased by an amount of Rs. 2785 Lakhs and Rs. 546 Lakhs for quarter and year ended March 31, 2016 respectively.

The Group, under the "Previous GAAP" had made provision for diminution in value of quoted investments in earlier years, now since investments are accounted at fair value, provision for diminution, no longer required has been reversed by the company and corresponding effect has been given by crediting retained earnings Rs. 2515 Lakhs as at transition date. During the quarter ended June 2015, company had already reversed the amount of provision for diminution in value of quoted investment of Rs. 2435 Lakhs in "Previous GAAP" financials and on reversal on transition date, the profit under Ind AS has been decreased by an amount of Rs. 2435 Lakhs for quarter ended June 30, 2015 and year ended March 31, 2016.

ii) Share based payments:

Under "Previous GAAP", the Group recognised stock compensation cost based on intrinsic value method. Ind AS 102, Share-based Payment, requires compensation cost to be recognised on fair value as at grant date to be determined using an appropriate pricing model over the vesting period. Accordingly, profit has been decreased (excess of cost determined on fair value basis over intrinsic value basis) by an amount of Rs. 1051 Lakhs, Rs. 860 Lakhs and Rs. 3269 Lakhs for quarter ended June 30, 2015, quarter and year ended March 31, 2016 respectively.



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iii) Foreign currency translations:

In "Previous GAAP", fixed assets of integral foreign operations were carried at historical exchange rate and 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 been increased by an amount of Rs. 149 Lakhs, Rs. 600 Lakhs and Rs. 600 Lakhs for quarter ended June 30, 2015, quarter and year ended March 31, 2016 respectively.

iv) Fair Value Through profit or loss in respect of Financial assets:

Under "Previous GAAP", the company accounted for 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 been decreased by an amount of Rs. 91 Lakhs for quarter ended June 30, 2015 and increased by an amount of Rs. 167 Lakhs and Rs. 230 Lakhs for quarter and year ended March 31, 2016.

v) Deferred tax:

Certain translation adjustments lead to temporary differences and accordingly, the group accounted for deferred tax, as applicable on such differences. 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 an amount of Rs. 435 Lakhs and Rs. 2349 Lakhs for quarter ended June 30, 2015 and March 31, 2016 respectively and increased by an amount of Rs. 4183 Lakhs for year ended March 31, 2016.

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

vi) Other Comprehensive income:

Under the "Previous GAAP", the Group has not presented other comprehensive income (OCI) separately. Now, under Ind AS, actuarial gain/loss on defined benefit liability, effective portion of cash flow hedges (amounting to loss of Rs. 14984 Lakhs for quarter ended June 30, 2015 and gain of Rs. 10890 Lakhs and Rs. 11741 Lakhs for quarter and year ended March 31, 2016 respectively) and currency translation reserve has been shown separately and routed through OCI.

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

12. 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:

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.

Note 3 in respect of one of the subsidiary of the Company whose financial statements /financial information reflect total assets of Rs. 19100 lakhs as at June 30, 2016 total revenues of Rs. 6539 lakhs for the quarter ended June 30, 2016 and profit after tax of Rs. 975 lakhs for quarter ended June 30, 2016 and total comprehensive income of Rs 964 lakhs for quarter ended June 30, 2016 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, 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 quarter ended June 30, 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 : August 1, 2016

Place : Mumbai

C. P. Gurnani
Managing Director & CEO

