Tech Mahindra Limited

Registered Office : Gateway Building, Apollo Bunder, Mumbai 400 001. Website : techmahindra.com. Email : investor.relations@techmahindra.com. CIN : L64200MH1986PLCO41370

Stand Alone Audited Financial Results for the Quarter and nine months ended December 31, 2014

PART I — Rs. in Lakhs

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2014	September 30, 2014	December 31, 2013	December 31, 2014	December 31, 2013	March 31, 2014
1 Income from Operations	503,481	480,360	421,578	1,445,550	1,192,489	1,629,513
2 Expenses						
a) Employee benefits expense	183,104	180,389	181,184	538,653	533,163	697,145
b) Travelling Expenses	12,165	12,552	17,490	40,212	46,100	61,598
c) Services rendered by Business Associates & Others	167,031	159,529	83,665	474,122	209,189	340,124
d) Depreciation and amortisation expense	11,156	11,290	11,432	34,874	31,094	42,698
e) Other expenses	46,072	41,210	42,696	132,241	133,878	174,511
Total Expenses	419,528	404,970	336,467	1,220,102	953,424	1,316,076
3 Profit from operations before other income and finance costs (1-2)	83,953	75,390	85,111	225,448	239,065	313,437
4 Other Income						
Miscellaneous income	6,910	9,969	10,618	24,591	23,929	31,303
Exchange gain / (loss) (net)	(3,030)	(5,591)	(14,139)	(7,894)	(9,885)	(24,273)
Total	3,880	4,378	(3,521)	16,697	14,044	7,030
5 Profit before finance costs (3+4)	87,833	79,768	81,590	242,145	253,109	320,467
6 Finance costs						
Interest Cost on Borrowings	166	254	2,772	712	6,769	7,708
Currency Translation Loss / (Gain) on Foreign Currency Loan	-	-	-	-	975	975
Total	166	254	2,772	712	7,744	8,683
7 Profit after finance costs but before exceptional item and tax (5-6)	87,667	79,514	78,818	241,433	245,365	311,784
8 Exceptional item - Income (Refer Note 4)	-	-	12,000	-	12,000	12,000
9 Profit before tax (7+8)	87,667	79,514	90,818	241,433	257,365	323,784
10 Tax expense						
a) Current Tax & Deferred Tax	19,132	20,567	21,013	58,710	63,812	77,897
b) Earlier years excess provision written back (refer note 3.4)	-	-	(22,660)	-	(22,660)	(22,660)
11 Profit after tax (9-10)	68,535	58,947	92,465	182,723	216,213	268,547
12 **Special Adjustments (Refer Note 5.3)**						
Profit earned by MESL from April 1, 2014 to September 30, 2014	2,542	-	-	-	-	-
13 Net Profit After Special Adjustments (11+12)	71,077	58,947	92,465	182,723	216,213	268,547
14 Paid-up Equity Share Capital (Face Value of Share Rs. 10)	23,998	23,545	23,315	23,998	23,315	23,347
15 Loan Funds - Listed Debentures	-	-	30,000	-	30,000	30,000
16 Reserves excluding revaluation reserve	-	-	-		-	861,688
17 Debenture Redemption Reserve	-	-	-		-	29,721
18 Earnings Per Equity Share (Rs) (Before exceptional item) (not annualised, except for year ended figure)						
- Basic	29.74	25.16	34.64	76.46	87.92	110.33
- Diluted	28.92	24.42	33.80	74.34	85.77	107.39
19 Earnings Per Equity Share (Rs) (After exceptional item) (not annualised, except for year ended figure)						
- Basic	29.74	25.16	39.81	76.46	93.08	115.49
- Diluted	28.92	24.42	38.84	74.34	90.81	112.41
20 Ratios						
- Debt Equity Ratio	-	-	-	-	-	0.04
- Debt Service Coverage Ratio (DSCR)	-	-	-	-	-	1.64
- Interest Service Coverage Ratio (ISCR)	-	-	-	-	-	36.10

Note: Suggested definition for Coverage Ratios:
ISCR = Earnings before Interest and Tax / Interest Expense.
DSCR = Earnings before Interest and Tax/ (Interest + Principal Repayment)
See accompanying note to the financial results

The forensic investigation was unable to identify the nature of certain alleged transactions aggregating Rs. 123040 lakhs (net receipt) against which erstwhile Satyam had received legal notices from 37 companies claiming repayment of this amount which was allegedly given as temporary advances. Refer Note 3.3 below.

3.3 Alleged Advances

Consequent to the letter of the erstwhile Chairman, on January 8, 2009, the erstwhile Satyam received letters from thirty seven companies requesting confirmation by way of acknowledgement for receipt of certain alleged amounts referred to as “alleged advances”. These letters were followed by legal notices from these companies dated August 4/5, 2009, claiming repayment of Rs. 123040 Lakhs allegedly given as temporary advances. The legal notices also claim damages/ compensation @18% per annum from date of advance till date of repayment. The erstwhile Satyam has not acknowledged any liability to any of the thirty seven companies and has replied to the legal notices stating that the claims are legally untenable.

The 37 companies had 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 and the pauper petition converted into a suit which is pending disposal and petitions filed by remaining 36 companies are before the Court, at various stages of rejection of pauperism/ trial of pauperism/ inquiry in condone delay applications.

The remaining petitions are at a preliminary stage before the Court, for considering condonation of delay in re-submission of pauper petitions. In one petition, the delay had been condoned by the Court and the Company has obtained an interim stay order from the Honorable High Court of Andhra Pradesh.

The erstwhile Satyam had received legal notices from nearly all of the above companies, calling for payment of the amounts allegedly advanced by them (including interest and damages), failing which they would be constrained to file a petition for winding up the affairs of Satyam. In pursuance thereof, one of the aforesaid companies filed a winding up petition that was dismissed by the High Court. Against the said order of dismissal, the aforementioned company has filed an appeal before the Division Bench of High Court of Andhra Pradesh which is pending hearing.

Furthermore, even in connection with the merger proceedings, the erstwhile Satyam had received letters from the aforesaid companies claiming themselves to be "creditors". They had pleaded inter-alia before the High Court (hearing the merger petition of the erstwhile Satyam with the Company) that the mandatory provisions governing the scheme under the Companies Act, 1956 have not been complied with in so far as convening a meeting of the creditors is concerned. They contended that without convening a meeting of the creditors and hearing their objections, the merger scheme could not be proceeded with.

To address these and other related objections, the High Court directed the Official Liquidator, with the assistance of a firm of Chartered Accountants ("the firm"), to scrutinise the books of the erstwhile Satyam and submit a report on the allegations aforesaid including the accounting system adopted by it with respect to the alleged advances. The firm, in their report, inter-alia, stated that the erstwhile Satyam under its new management, was justified in not treating these amounts as creditors and in classifying these alleged advances as "Amounts pending investigation suspense account (net)".

The High Court after considering the report of the firm and other contentions of the erstwhile Satyam, held inter-alia, in its order approving the merger of the erstwhile Satyam with the Company, that the contention of the 37 companies that Satyam is retaining the money 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 High Court in its order, further held that in the absence of Board resolutions and documents evidencing acceptance of unsecured loans 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 showing them as creditors and further reflecting such amounts as Amounts pending investigation suspense account (net).

The Directorate of Enforcement (ED) is investigating the matter under the Prevention of Money Laundering Act, 2002 (“PMLA”) and directed the erstwhile Satyam to furnish details with regard to the alleged advances and has also directed it not to return the alleged advances until further instructions from the ED. In furtherance to the investigation by the ED, the erstwhile Satyam was served with a provisional attachment order dated October 18, 2012 issued by the Joint Director, Directorate of Enforcement, Hyderabad under Section 5(1) of the PMLA (“the Order”), attaching certain Fixed Deposit accounts of the Company then aggregating to Rs. 82200 Lakhs for a period of 150 days. This attachment was initiated consequent to the charge sheets filed by the CBI against the erstwhile promoters of erstwhile Satyam and others and investigation conducted by the ED under the PMLA. As stated in the Order, the investigations of the ED revealed that Rs. 82200 Lakhs constitutes “proceeds of crime” as defined in the PMLA. The erstwhile Satyam had challenged the Order in the Honorable High Court of Andhra Pradesh (“the Writ”). The Honorable High Court of Andhra Pradesh ("the High Court") has, pending further orders, granted stay of the said Order and all proceedings pursuant thereto vide its interim order dated December 11, 2012. The ED had challenged the interim order before the Division Bench of the Honorable High Court of Andhra Pradesh. The Honorable High court has dismissed the Appeal filed by ED and continued the Stay granted vide its order dated December 31, 2014.

The company received summons dated February 26, 2014 from “Honorable XXI Additional Chief Metropolitan Magistrate, Hyderabad cum Special Sessions Court” in connection with Enforcement Directorate filing a complaint under the Prevention of Money Laundering Act, 2002 against the Company along with 212 Accused persons. In the complaint, ED has alleged that the Company has been involved in the offence of money laundering by possessing the proceeds of crime and projecting them as untainted. The Company had challenged the above complaint before the Honorable High Court of Hyderabad and also sought for interim stay of all the proceedings. The Honorable High court had dismissed the criminal complaint against the Company vide its order dated December 22, 2014.

In view of the aforesaid developments and also based on legal opinion, the erstwhile Satyam's management's view, which is also the Company’s Management’s view, that the claim regarding the repayment of "alleged advances" (including interest thereon) of the 37 companies are not legally tenable has been reinforced. Accordingly, in the opinion of the Company’s Management, even in the unlikely event that the principal amount of the claims of the 37 companies are held to be tenable and the Company is required to repay these amounts, such an eventuality will not have an adverse bearing on either the Company's profits or its reserves in that period, since the Company has been legally advised that no damages/compensation/interest would be payable even in such an unlikely event.

However, notwithstanding the above, pending the final outcome of the recovery suit filed by the 37 companies in the City Civil Court and the ED matter under the PMLA pending before the High Court, the Company, as a matter of prudence, at this point of time, is continuing to classify the amounts of the alleged advances as "Amounts pending investigation suspense Account (net)", and the same would be appropriately dealt with/reclassified when the final outcome becomes clearer.

3.4. Provision for taxation

Erstwhile Satyam was carrying a total amount of Rs. 49892 Lakhs (net of taxes paid) as at March 31, 2013 (before giving effect to its amalgamation with the Company) towards provision for taxation, including for the prior years for which the assessments are under dispute.

Subsequent to the amalgamation, duly considering the professional advice obtained in the matter, the Management has re-evaluated the effects of the possible outcomes of the tax matters in dispute relating to erstwhile Satyam and the estimated excess tax provision amounting to Rs. 22660 Lakhs determined based on such evaluation in respect of the prior years have been written back during the previous year ended March 31, 2014. In the opinion of the Management the balance provision for taxation carried in the books with respect to the prior year disputes relating to erstwhile Satyam is adequate.

4. Exceptional item

The exceptional item (income) amounting to Rs. 12000 Lakhs represents write back during the previous year ended March 31, 2014 of the excess provision for contingencies provided in an earlier year by erstwhile Satyam, based on a re-evaluation of the same by the Management.

5. Scheme of Amalgamation and Arrangement of Mahindra Engineering Services Limited (MESL):

Pursuant to the Scheme of Amalgamation and Arrangement (the “Scheme”) sanctioned by the Honorable High Court of Bombay vide its order dated October 31, 2014, Mahindra Engineering Services Limited (“MESL”), merged with the Company with effect from April 1, 2013 (the “appointed date”). The Scheme came into effect on December

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Stand Alone Audited Financial Results for the Quarter and nine months ended December 31, 2014

PART II : Selected Information for the Quarter and nine months ended December 31, 2014

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2014	September 30, 2014	December 31, 2013	December 31, 2014	December 31, 2013	March 31, 2014
A PARTICULARS OF SHAREHOLDING						
1 Public Shareholding						
- Number of shares	151806238	150714549	148415182	151806238	148415182	148735908
- Percentage of shareholding	63.26%	64.01%	63.66%	63.26%	63.66%	63.71%
2 Promoters and promoter group Shareholding						
a) Pledged/encumbered						
- Number of shares	-	-	-	-	-	-
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-
- Percentage of shares (as a % of the total share capital of the company)	-	-	-	-	-	-
b) Non-encumbered						
- Number of shares	88173378	84736978	84736978	88173378	84736978	84736978
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
- Percentage of shares (as a % of the total share capital of the company)	36.74%	35.99%	36.34%	36.74%	36.34%	36.29%

Particulars	3 months ended December 31, 2014
B. INVESTORS COMPLAINTS	
Pending at the beginning of the quarter	0
Received during the quarter	23
Disposed of during the quarter	23
Remaining unresolved at the end of the quarter	0

Notes :

1. The quarterly and nine monthly results have been reviewed by the Audit Committee and taken on records by the Board of Directors in its meeting held on January 30, 2015.

2. **Scheme of Amalgamation and Arrangement:**
Pursuant to the Scheme of Amalgamation and Arrangement (the "Scheme") sanctioned by the Honorable High Court of Andhra Pradesh vide its order dated June 11, 2013 and the Honorable High Court of Judicature at Bombay vide its order dated September 28, 2012, Venturbay Consultants Private Limited ("Venturbay"), CanvasM Technologies Limited ("CanvasM") and Mahindra Logisoft Business Solutions Limited ("Logisoft"), the wholly owned subsidiaries of the Company, and Satyam Computer Services Limited ("Satyam") an associate of the Company (through Venturbay) and C&S System Technologies Private Limited (C&S) a wholly owned subsidiary of erstwhile Satyam, merged with the Company with effect from April 1, 2011 (the "appointed date"). The Scheme came into effect on June 24, 2013, the day on which both the orders were delivered to the Registrar of the Companies, and pursuant thereto the entire business and all the assets and liabilities, duties and obligations of Satyam, Venturbay, CanvasM, Logisoft and C&S have been transferred to and vested in the Company with effect from April 1, 2011.

The Company transferred, out of its total holding in Satyam as on April 1, 2011, 2040 Lakhs equity shares to a Trust, to hold the shares and any additions or accretions thereto exclusively for the benefit of the Company. The balance shares held by the Company in Satyam have been cancelled.
As the other amalgamating companies i.e. Venturbay, Logisoft, CanvasM and C&S were wholly owned subsidiaries of the Company / Satyam, as applicable, no equity shares were exchanged to effect the amalgamation in respect thereof.
These amalgamations with the Company are non-cash transactions.
Pursuant to the Scheme, the title deeds for the immovable properties pertaining to the amalgamating companies are pending conveyance in the name of the Company. Further, the Company has initiated the name change formalities to transfer the title in respect of the other properties, contracts etc.

2.1 Appeals against the order sanctioning the Scheme
Appeals against the order by the single judge of the Honorable High Court of Andhra Pradesh approving the Scheme of merger have been filed by 37 companies before the Division Bench of the Honorable High Court of Andhra Pradesh. No interim orders have been passed and the appeals are pending hearing.
One of the said company has also appealed against the order of the single judge rejecting the Petition for winding up of erstwhile Satyam. The matter has been combined with the above appeals for hearing.

3. Matters pertaining to erstwhile Satyam Computer Services Limited (erstwhile Satyam):
3.1 Investigation by authorities in India

In the letter of January 7, 2009 (the "letter") of Mr. B. Ramalinga Raju, the then Chairman of erstwhile Satyam, admitted that the Balance Sheet of erstwhile Satyam as at September 30, 2008 carried an 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 Central Bureau of Investigation (CBI), Serious Fraud Investigation Office (SFIO) / Registrar of Companies (ROC), Directorate of Enforcement (ED), etc., had initiated their investigation on various matters which are yet to be concluded.

On May 22, 2013, the ED has issued a show-cause notice to erstwhile Satyam for contravention of provisions of the Foreign Exchange Management Act, 1999 (FEMA) for alleged non-repatriation of ADS proceeds aggregating USD 39.2 Million. The Company has responded to the show-cause notice.
Certain agencies viz., SFIO and ED, pursuant to the matters stated above, had conducted inspections and issued notices calling for information from certain subsidiaries which have been responded/in the process of being responded to. In furtherance to the investigation of erstwhile Satyam, certain Regulatory Agencies in India sought assistance from Overseas Regulators and accordingly, sought information from certain overseas subsidiaries.

As per the assessment of the Management, based on the forensic investigation and the information available up to this stage, 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 agencies and erstwhile Satyam had not received any further information as a result of the various ongoing investigations against erstwhile Satyam which required adjustments to the financial statements.

Further, in the opinion of the Management, no new claims have been made when the Andhra Pradesh High Court considered and approved the merger, which need any further evaluation/adjustment/disclosure in the books, and all existing claims have been appropriately dealt with/recorded/disclosed in the books based on their current status.

Considering the above, notwithstanding the pendency of the various investigations/ proceedings, the Management is of the view that the above investigations/proceedings would not result in any additional material provisions/ write-offs/adjustments (other than those already provided for, written-off or disclosed) in the financial statements of the Company.

3.2 Forensic investigation and nature of financial irregularities
Consequent to the aforesaid letter, the Government nominated Board of Directors of erstwhile Satyam appointed an independent counsel ("Counsel") to conduct an investigation of the financial irregularities. The Counsel appointed forensic accountants to assist in the investigation (referred to as "forensic investigation") and preparation of the financial statements of erstwhile Satyam.
The forensic investigation conducted by the forensic accountants investigated accounting records to identify the extent of financial irregularities and mainly focused on the period from April 1, 2002 to September 30, 2008, being the last date up to which erstwhile Satyam published its financial results prior to the date of the letter. In certain instances, the forensic accountants conducted investigation procedures outside this period.
The forensic investigation had originally indicated possible diversion aggregating USD 41 Million from the proceeds of the American Depositary Shares (ADS) relating to erstwhile Satyam. The amount was revised to USD 19 Million based on the further details of utilisation of ADS proceeds obtained by erstwhile Satyam.
The overall impact of the fictitious entries and unrecorded transactions arising out of the forensic investigation, to the extent determined was accounted in the financial statements for the financial year ended March 31, 2009 of erstwhile Satyam.
Based on the forensic investigation, an aggregate amount of Rs. 113932 Lakhs (net debit) was identified in the financial statements of erstwhile Satyam as at March 31, 2009 under "Unexplained differences suspense account (net)" comprising of fictitious assets, unrecorded loans or where complete information is not available. On grounds of prudence, these amounts had been provided for by erstwhile Satyam in the financial year ended March 31, 2009 and since there is no further information available with the Management even after the lapse of more than four years, the said amount has been completely written off in the books of account of the Company during the year ended March 31, 2014.

8, 2014, the day on which the order was delivered to the Registrar of the Companies, and pursuant thereto the entire business and all the assets and liabilities, duties, taxes and obligations of MESL have been transferred to and vested in the Company with effect from April 1, 2013.

In accordance with the Scheme approved by the Honorable High Court of Bombay, the Company has, in December 2014, issued 5 equity shares of Rs. 10 each fully paid up in respect of every 12 equity shares of Rs. 10 each outstanding in the equity share capital of MESL, aggregating to 4259011 equity shares as purchase consideration to the existing shareholders of MESL.

5.1 General nature of business of the amalgamating company
MESL is engaged in the business of rendering engineering services in relation to designing and developing parts, components, systems and aggregates relating to the automotive sector.
The amalgamating company operating in specialized domain of rendering engineering services as indicated above, amalgamating the business in a single entity provides for bringing in synergy benefits, single 'go-to-market' strategy, benefits of scale, enhanced depth and breadth of capabilities, standardization and simplification of business processes, attain efficiencies and reduce overall cost.

5.2 Accounting treatment of the amalgamation

The amalgamation is accounted under the 'pooling of interest' method as per Accounting Standard 14 as specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and as modified under the Scheme as under:

• All assets, liabilities and reserves, including the surplus in the statement of Profit and Loss of MESL have been recorded in the books of account of the Company at their respective carrying amounts and in the same form.
• In accordance with the Scheme sanctioned by the Honorable High Court of Bombay, the Company has, on December 20, 2014, issued 5 equity shares of Rs. 10 each fully paid up in respect of every 12 equity shares of Rs. 10 each outstanding in the equity share capital of MESL, aggregating to 4259011 equity shares as purchase consideration to the existing shareholders of MESL ranking pari-passu in all respects with the existing equity shares of the Company.
• The difference between face value of equity shares issued by the Company pursuant to the Scheme and the amount of share capital of the amalgamating company, have been adjusted to Reserves of the transferee company.
Accordingly, the amalgamation has resulted in transfer of assets and liabilities in accordance with the terms of the Scheme at the following summarized values:

Rs. in Lakhs

Particulars of Assets (Liabilities)	Amount
Fixed Assets (net)	567
Non-Current Investments	681
Deferred Tax Asset	275
Current Investments	6,367
Trade Receivables	2,874
Cash and Bank Balances	7,526
Loans and Advances (Long Term and Short Term)	4,468
Other Current Assets	859
Liabilities and Provisions (Long Term and Short Term	(4,087)
Net Assets	**19,530**

Equity Share capital of amalgamating company	(1,020)
Equity shares issued by Tech Mahindra Limited pursuant to the scheme	420
Capital Reserve (credit balance)	(600)

5.3 Other adjustments / matters arising out of amalgamation
In terms of the Scheme, the appointed date of the amalgamation being April 1, 2013, net profit from the amalgamating company (aggregating to Rs. 4283 Lakhs) and movements in other components of reserves and surplus during the financial year 2013-14 has been transferred, to the extent not accounted already, at their respective carrying amounts and in the same form in the books of the Company upon Amalgamation.

As the Scheme has become effective from December 8, 2014 the figures for the current quarter includes the operations of the amalgamating company and its subsidiaries for the half year ended September 30, 2014, which is disclosed as special adjustment below the line 'Profit after Tax' and operations of the amalgamating company and its subsidiaries for the period April 1, 2014 till the effective date (December 8, 2014) are included in the profits of the Company for the nine months ended December 31, 2014.

Accordingly, the figures for the quarter and nine months ended December 31, 2014 are after giving effect to the merger, while the comparative figures are before giving effect to the merger and, hence are not comparable.
5.4 Pursuant to the Scheme, the title deeds for the properties pertaining to the amalgamating company are pending conveyance in the name of the Company. Further, the Company has initiated the name change formalities to transfer the title in respect of the contracts, agreements, etc.

6. During the quarter ended September 30, 2014, Tech Mahindra GmbH (100% subsidiary of Tech Mahindra Limited) acquired 100% stake in equity of Tech Mahindra Business Services GmbH (earlier known as BASF Business Services holding GmbH) w.e.f. July 29, 2014 for Euro 8180298 (equivalent Rs. 6600 Lakhs).

7. On February 15, 2013, erstwhile Satyam (through its 100% subsidiary Tech Mahindra Servicos De Informatica LTDA) had entered into a joint venture agreement with Complex IT Services Consultoria EM Informatica LTDA ("Complex IT Services") for purchase of 51% stake in Complex IT Solution Consultoria EM Informatica S/A. ("Complex IT") for a total cash consideration of USD 9.5 Million, comprising an upfront consideration of USD 6.50 Million which was paid in May 2013 and an Earn Out of Brazilian Reals 7.57 Million (USD 3 million/Rs. 1800 lakhs) payable by March 31, 2015.
Subsequently, in December 2014, Tech Mahindra Servicos De Informatica LTDA has signed an agreement with Complex IT Services for acquiring the balance stake of 49% in Complex IT for a consideration of Brazilian Reals 21.43 million (Rs. 5080 lakhs); out of which Brazilian Reals 8.43 million and Brazilian Reals 13 million payable by December 31, 2015 and December 31, 2016 respectively and the said transaction is yet to be completed as at December 31, 2014.

8. On November 17, 2014, Tech Mahindra (Americas) Inc. (100% subsidiary of the company) entered into Share Purchase Agreement with Avion Networks, Inc., based in USA, to acquire 600000 preferred stock for USD 10 per share (face value is USD 0.001/per share) (equal to 30% stake) subject to certain terms and conditions. As per the agreement, Tech Mahindra (Americas) Inc. would make upfront payment of USD 3 Million and balance USD 3 Million will be payable on achievement of certain agreed milestones. Further, the Company has "call right" to acquire additional stake of 380000 preferred stocks from existing owner for USD 3.8 Million on or after second anniversary from "call right date". This said transaction is yet to be consummated.

9. On November 20, 2014, the company through its 100% subsidiary i.e. Tech Mahindra (Americas) Inc. has entered into a share purchase agreement to acquire 100% Stake in Lightbridge Communications Corporation (LCC) based in USA, subject to regulatory approvals and certain agreed conditions, for a consideration upto USD 240 million (Rs. 151300 lakhs). LCC provides end to end solutions in wireless voice and data communications network. As at December 31, 2014, the said transaction is yet to be consummated.

10. On January 8, 2015, the Company has entered into a share purchase agreement to acquire 100% stake in SOFGEN Holdings Limited (Sofgen), subject to certain agreed conditions and regulatory approvals, for a consideration upto USD 24.25 Million comprising of initial consideration of USD 6.46 Million and balance will be payable on achievement of certain milestones by way of earn outs. Sofgen is into a niche consulting and services company specializing in Private/Wealth, Commercial and Retail Banking solutions. The company will acquire 1065848 Ordinary Shares of Euro 1 each and 27062 class A shares of Euro 1 each. This said transaction is yet to be consummated.

11. Current tax expense for the quarter and nine months ended December 31, 2014 is net of excess provision of Rs. 1302 Lakhs and Rs. 1347 lakhs respectively (quarter and nine months ended December 31, 2013: Rs. 298 lakhs and Rs. 2392 lakhs respectively) of previous periods written back, no longer required.
12. Current tax for the previous year ended March 31, 2014 includes provision of Rs. 2398 lakhs of earlier years written back, no longer required as the company has received the refund on finalisation of assessment.
13. Previous period figures have been regrouped/rearranged wherever necessary.
14. The qualification in the Auditors' Report for the quarter and nine months ended December 31, 2014 and Management response thereon;
The Auditor has qualified their report on the following ground;

With respect to the matters described in Note 3.3 above, in the absence of complete / required information, and since the matter is sub-judice, their inability to comment on the accounting treatment/adjustments/disclosures relating to the aforesaid alleged advances amounting to Rs. 123040 Lakhs (net) and the related claims for damages/compensation/interest, which may become necessary as a result of the ongoing legal proceedings and the consequential impact, if any, on these financial results. However, in the eventuality of any payment up to Rs 123040 lakhs, against the aforesaid claims for the principal amounts of the alleged advances, there will be no impact on the profits/losses or reserves of the Company.

With regard to the auditors' qualification in note above, refer to the details in note 3.3.

Date : January 30, 2015 — **Vineet Nayyar**
Place : Mumbai — **Executive Vice Chairman**