

# Revenue for the quarter at Rs. 82,763 Mn, up 12.8% 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, 2018

		Rs.in Lakhs			
	Particulars	Quarter ended			Year ended
		June 30, 2018	March 31, 2018	June 30, 2017	March 31, 2018
1	Revenue from Operations	8,27,628	8,05,450	7,33,610	30,77,293
2	Other Income	11,144	45,126	41,067	1,41,649
3	Total Revenue (1 + 2)	8,38,772	8,50,576	7,74,677	32,18,942
4	EXPENSES				
	Employee Benefits Expense	4,37,946	4,14,530	4,06,079	16,62,397
	Subcontracting Expenses	97,041	1,06,390	90,894	3,88,801
	Finance Costs	3,052	5,271	3,695	16,238
	Depreciation and Amortisation Expense	28,077	29,864	24,684	1,08,498
	Other Expenses	1,56,951	1,43,341	1,43,168	5,55,133
	Total Expenses	7,23,067	6,99,396	6,68,520	27,31,067
5	Profit before share in profit/(loss) of associates and tax (3-4)	1,15,705	1,51,180	1,06,157	4,87,875
6	Share of Profit / (Loss) of Associates	(1,185)	4	2	8
7	Profit before Tax (5 + 6)	1,14,520	1,51,184	1,06,159	4,87,883
8	Tax Expense				
	Current Tax	28,241	35,015	28,279	1,17,684
	Deferred Tax	(3,668)	(6,911)	(1,299)	(8,421)
	Total Tax Expense	24,573	28,104	26,980	1,09,263
9	Profit after tax (7 - 8)	89,947	1,23,080	79,179	3,78,620
	Profit for the period attributable to:				
	Owners of the Company	89,787	1,22,202	79,860	3,79,982
	Non Controlling Interests	160	878	(681)	(1,362)
10	Other Comprehensive Income	(1,711)	(7,008)	(5,943)	(21,899)
11	Total Comprehensive Income (9 + 10)	88,236	1,16,072	73,236	3,56,721
	Total Comprehensive Income for the period attributable to:				
	Owners of the Company	87,937	1,14,176	72,707	3,55,191
	Non Controlling Interests	299	1,896	529	1,530
12	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	44,198	44,170	43,948	44,170
13	Total Reserves				18,40,114
14	Earnings Per Equity Share (Rs)				
	(EPS for quarter ended periods is not annualised)				
	Basic	10.12	13.84	9.10	43.02
	Diluted	10.07	13.72	8.98	42.66

#### Standalone Information

Particulars	Quarter ended			Year ended
	June 30, 2018	March 31, 2018	June 30, 2017	March 31, 2018
	Refer Note 4 below			
Revenue from Operations	6,28,685	6,02,133	5,75,483	23,66,470
Profit before tax	1,11,082	1,29,915	1,00,751	4,90,454
Profit after tax	91,622	98,612	79,621	3,99,724

#### 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

Particulars	Quarter ended			Year ended
	June 30, 2018	March 31, 2018	June 30, 2017	March 31, 2018
<b>Segment Revenue</b>				
a) IT	7,66,151	7,46,367	6,86,320	28,57,148
b) BPO	61,477	59,083	47,290	2,20,145
<b>Total Sales / Income from operations</b>	<b>8,27,628</b>	<b>8,05,450</b>	<b>7,33,610</b>	<b>30,77,293</b>
<b>Segment Profit before tax, interest and depreciation</b>				
a) IT	1,55,122	1,63,961	1,25,967	5,76,192
b) BPO	18,112	17,868	11,654	62,942
<b>Total</b>	<b>1,73,234</b>	<b>1,81,829</b>	<b>1,37,621</b>	<b>6,39,134</b>
<b>Less:</b>				
(i) Finance costs	3,052	5,271	3,695	16,238
(ii) Other un-allocable expenditure Net off un-allocable income	55,662	25,374	27,767	1,35,013
<b>Profit before tax</b>	<b>1,14,520</b>	<b>1,51,184</b>	<b>1,06,159</b>	<b>4,87,883</b>



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Statement of segment Assets and Liabilities	June 30, 2018	June 30, 2017	March 31, 2018
<b>Segment Assets</b>			
Trade and Other Receivables			
IT	9,14,307	7,84,613	8,44,610
BPO	57,272	45,602	61,820
<b>Total Trade Receivables</b>	<b>9,71,579</b>	<b>8,30,215</b>	<b>9,06,430</b>
Goodwill			
IT	2,45,141	2,65,110	2,39,821
BPO	37,445	37,445	37,445
<b>Total Goodwill</b>	<b>2,82,586</b>	<b>3,02,555</b>	<b>2,77,266</b>
Unallocable Assets	19,08,387	16,78,211	18,60,029
<b>TOTAL ASSETS</b>	<b>31,62,552</b>	<b>28,10,981</b>	<b>30,43,725</b>
<b>Segment Liabilities</b>			
Unearned Revenue			
IT	24,674	29,144	27,520
BPO	180	331	-
<b>Total Unearned Revenue</b>	<b>24,854</b>	<b>29,475</b>	<b>27,520</b>
Advance from Customers			
IT	30,427	22,524	33,359
BPO	4,820	-	-
<b>Total Advance from Customers</b>	<b>35,247</b>	<b>22,524</b>	<b>33,359</b>
Unallocable Liabilities	10,74,582	9,76,754	10,47,654
<b>TOTAL LIABILITIES</b>	<b>11,34,683</b>	<b>10,28,753</b>	<b>11,08,533</b>

## 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 July 30, 2018.

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

Subsequent to the letter dated January 7, 2009, due to the confession of the then Chairman of erstwhile Satyam with respect to 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. Non-compliances/breaches of 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. 123,040 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. 82,200 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 Hon'ble High Court of Andhra Pradesh (the Court) had, pending further Orders in the Writ Petition, granted stay of the said Order and all proceedings thereto vide its Order dated December 11, 2012. The main Writ Petition is pending for final hearing. Meanwhile, 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 Hon'ble 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. 35,700 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 and based on an independent legal opinion the Management believes that the claim by the 37 companies for repayment of the alleged advances, including interest thereon is not legally tenable. Consequently, pending the final outcome of the proceedings, as a matter of prudence, the Company has accounted and disclosed the amount of Rs. 123,040 Lakhs as 'Suspense Account (net)'. 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 Satyam Venture Engineering Services Private Limited (SVES)

#### Accounting for sales commission

The contingency provision in the books represents provision with respect to sales commission, if any, payable to Venture Global LLC for the period from financial year 2005-2006 to 2011-2012 amounting to Rs. 5,290 Lakhs.

During the financial year 2011-2012, the Board of SVES reassessed the need to accrue sales commission considering that no services were rendered by Venture Global LLC during the period from FY 2005-2006 to FY 2011-2012. Accordingly, the Board of SVES decided to write back sales commission amounting to Rs. 3,590 Lakhs pertaining to the years from FY 2005-2006 to FY 2010-2011 and to not accrue for sales commission for FY 2011-2012 amounting to Rs. 1,700 Lakhs. However, pending the final disposal of legal proceedings in relation to disputes between Tech Mahindra Ltd and Venture Global LLC, the Board decided to account for a contingency provision for the sales commission amounting to Rs. 5,290 Lakhs covering the period from FY 2005-2006 to FY 2011-2012. Considering the Order of the Honorable High Court of Andhra Pradesh dated August 23, 2013 directing all parties to maintain status quo, the Board based on a legal opinion decided not to reverse the contingency provision made in FY 2011-2012. Further, since the matter is subjudice, sales commission for subsequent periods has been disclosed as a contingent liability amounting to Rs. 15,120 Lakhs as on June 30, 2018 (March 31, 2018: Rs. 14,460 Lakhs).

#### Preparation of financial statements

At the Annual General Meetings of SVES held on October 29, 2012, September 10, 2013, September 22, 2014, September 07, 2015, July 29, 2016, July 19, 2017 and July 23, 2018 one of the shareholders abstained from voting on the resolution for adoption of audited financial statements as at and for the years ended March 31, 2012, March 31, 2013, March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018 respectively. In the absence of unanimous consent of both the shareholders of SVES, the said financials have not been approved.

The financial statements as at and for the quarter ended June 30, 2018 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 Effective April 1, 2018, the Company has adopted Ind AS 115 using the cumulative effect method. The standard is applied retrospectively to contracts that are not completed as at the date of initial application and the comparative information is not restated. The effect of adoption of the standard did not have any significant impact on the financial statements of the Company.
- 5 Tax expense for the Quarter Ended ("QE") June 30, 2018 is net of provision of Rs. 9,030 Lakhs of earlier periods, no longer required, written back (QE March 31, 2018: Rs.430 Lakhs), (QE June 30, 2017: Rs. 1,873 Lakhs)  
Tax expenses for the year ended March 31, 2018 is net of provision of Rs. 25,728 Lakhs of earlier periods, no longer required, written back.
- 6 Previous period's figures have been regrouped wherever necessary.

### 7 Emphasis of Matters

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

(i) With relation to Note 2 in respect of certain matters relating to erstwhile Satyam Computer Services Limited (erstwhile Satyam), amalgamated with the Company with effect from April 1, 2011 which 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. 123,040 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.

(ii) With relation to Note 3 in case of one of the subsidiaries of the Group, the other auditors in their auditor's report have drawn attention to a 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.

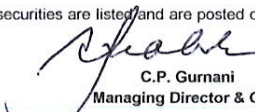
Further, the auditors have drawn attention to the fact that the annual financial statements for the years ended from March 31, 2012 to March 31, 2018 have not been adopted by the members of that subsidiary in their respective annual general meetings in the absence of unanimous consent of both the shareholders in terms of the Articles of Association of the subsidiary company. The financial statements as at and for the period ended June 30, 2018 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.

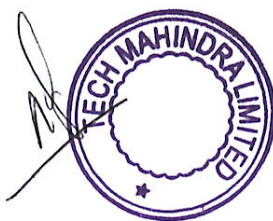
### 8 Management response to Emphasis of Matters:

With regard to the Emphasis of Matters stated in Note 7 above, there are no additional developments on Emphasis of Matters mentioned in Notes 2 and 3 above which require adjustments to the financial statements.

- 9 The Financial Results have been made available to the Stock Exchanges where the Company's securities are listed and are posted on the Company's website (www.techmahindra.com).

Date : July 30, 2018  
Place : Mumbai

  
C.P. Gurnani  
Managing Director & CEO



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