

Tech Mahindra Limited

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Standalone Audited Financial Results for the quarter and nine months ended December 31, 2017

	Particulars	Quarter ended			Nine months ended		Rs. in Lakhs
		December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016	Year ended March 31, 2017
		1	Revenue from Operations	5,96,771	5,91,937	5,91,286	17,64,062
2	Other Income	19,071	73,540	17,834	1,32,158	73,437	89,294
3	Total Revenue (1 + 2)	6,15,842	6,65,477	6,09,120	18,96,220	17,97,618	24,05,833
4	EXPENSES						
	Employee Benefits Expense	2,02,041	2,02,375	1,95,154	6,08,359	5,76,182	7,74,438
	Subcontracting Expenses	2,31,890	2,18,653	2,19,114	6,76,011	6,47,561	8,75,689
	Finance Costs	1,790	1,896	2,020	5,408	5,184	6,379
	Depreciation and Amortisation Expense	17,011	15,844	15,466	47,641	44,457	62,221
	Other Expenses	64,286	65,581	74,868	1,98,177	2,13,469	2,99,233
	Total Expenses	5,17,018	5,04,349	5,06,622	15,35,596	14,86,853	20,17,960
5	Profit before Tax (3 - 4)	98,824	1,61,128	1,02,498	3,60,624	3,10,765	3,87,873
6	Tax Expense						
	Current Tax	18,064	26,470	15,460	65,324	60,780	72,300
	Deferred Tax	(3,064)	(3,183)	1,849	(5,903)	3,830	10,840
	Total Tax Expense	15,000	23,287	17,309	59,421	64,606	83,140
7	Profit after tax (5 - 6)	83,824	1,37,841	85,189	3,01,203	2,46,159	3,04,733
8	Other Comprehensive Income	8,169	(18,351)	2,749	(22,529)	11,209	27,209
9	Total Comprehensive Income (7 + 8)	91,993	1,19,490	87,938	2,78,674	2,57,368	3,31,942
10	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	48,948	48,797	48,626	48,948	48,626	48,677
11	Total Reserves						16,40,344
12	Earnings Per Equity Share (Rs) (not annualised)						
	- Basic	8.59	14.14	8.78	30.89	25.36	31.37
	- Diluted	8.51	13.99	8.65	30.60	25.00	30.94

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 29, 2018.

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 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. Certain 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. 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 and also 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. 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 The Company, on December 22, 2017 in accordance with the shareholders agreement, acquired an additional 32.07% stake in Comviva Technologies Limited from Bharati Group and Westbridge Ventures II Investment Holdings for a total consideration of Rs. 36186 Lakhs. As a result of this, the Company now holds 99.17% stake in Comviva Technologies Limited as on December 31, 2017.

4 Tax expense for the quarter and nine months ended December 31, 2017 is net of excess provision of Rs. 13625 Lakhs and Rs. 16927 Lakhs respectively (quarter and nine months ended December 31, 2016: Rs. 8972 Lakhs and Rs. 5726 Lakhs respectively) of earlier periods written back, no longer required.

5 The standalone financial results of the Company for the quarter and nine months period ended 31 December 2016 and year ended 31 March 2017, were audited by another firm of Chartered Accountants who, vide their reports dated 30 January 2017 and 26 May 2017, expressed unmodified opinions on those standalone financial results.

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

7 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 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 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 should be 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.

8 Management response to Emphasis of Matter:

With regard to the emphasis of matter stated in Note 7 above, there are no additional developments in the Emphasis of Matter mentioned in note 2 above which require adjustments to the financial statements/results.

Date : January 29, 2018
Place : Mumbai



C. P. Gurnani
Managing Director & CEO