

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 and half year ended September 30, 2017

	Particulars	Quarter ended			Half year ended		Rs. in Lakhs
		September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	Year ended March 31, 2017
		1	Revenue from Operations	591,937	575,354	568,219	1,167,291
2	Other Income	73,540	39,547	38,102	113,087	55,603	89,294
3	Total Revenue (1 + 2)	665,477	614,901	606,321	1,280,378	1,188,498	2,405,833
4	EXPENSES						
	Employee Benefits Expense	202,375	203,943	195,993	406,318	381,031	774,438
	Subcontracting Expenses	218,653	225,468	211,835	444,121	428,446	875,689
	Finance Costs	1,896	1,722	1,701	3,618	3,164	6,379
	Depreciation and Amortisation Expense	15,844	14,786	14,781	30,630	28,991	62,221
	Other Expenses	65,581	68,310	68,746	133,891	138,600	299,233
	Total Expenses	504,349	514,229	493,056	1,018,578	980,232	2,017,960
5	Profit before Tax (3 - 4)	161,128	100,672	113,265	261,800	208,266	387,873
6	Tax Expense						
	Current Tax	26,470	20,790	22,984	47,260	45,321	72,300
	Deferred Tax	(3,183)	344	3,060	(2,839)	1,976	10,840
	Total Tax Expense	23,287	21,134	26,044	44,421	47,297	83,140
7	Profit after tax (5 - 6)	137,841	79,538	87,221	217,379	160,969	304,733
8	Other Comprehensive Income	(18,351)	(12,347)	6,723	(30,698)	8,460	27,209
9	Total Comprehensive Income (7 + 8)	119,490	67,191	93,944	186,681	169,429	331,942
10	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	48,797	48,751	48,568	48,797	48,568	48,677
11	Total Reserves						1,640,344
12	Earnings Per Equity Share (Rs) (not annualised)						
	- Basic	14.14	8.17	8.99	22.30	16.59	31.37
	- Diluted	13.99	8.07	8.86	22.06	16.34	30.94

Notes :

1 The quarterly and half yearly results have been reviewed by the Audit Committee and taken on record by the Board of Directors in its meeting held on November 1, 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 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, 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 The Company on May 4, 2017, through its wholly owned subsidiary Tech Mahindra (Americas) Inc acquired 84.7 % stake in CJS Solutions Group, LLC (CJS) with initial consideration paid of Rs. 67210 Lakhs (USD 104.76 Million). Further the subsidiary of the Company has acquired call and a written put options on the 15.3% Non-Controlling Interest to be exercised over three year ended December 31, 2019, based on variable pricing formula determined in the share purchase agreement with a cap of USD 116 Million.

4 Current tax expense for the quarter and half year ended September 30, 2017 is net of excess provision of Rs. 1573 Lakhs and Rs. 3302 Lakhs respectively (quarter and half year ended September 30, 2016: Rs. 151 Lakhs and Rs. 740 Lakhs) of earlier periods written back, no longer required. Current tax is net of tax on dividend received from a foreign subsidiary, to the extent of credit availed on dividend distribution tax on dividend distributed to shareholders of the Company, as per the provisions of section 115-O of the Income Tax Act.

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Standalone Audited Financial Results for the quarter and half year ended September 30, 2017

Particulars	Rs. in Lakhs	
	As at September 30, 2017	As at March 31, 2017
Balance Sheet as at September 30, 2017 (Standalone - Audited)		
ASSETS		
Non-Current Assets		
(a) Property, Plant and Equipment	229,844	242,755
(b) Capital Work-in-Progress	34,549	36,184
(c) Investment Property	13,784	4,552
(d) Other Intangible Assets	1,710	2,510
(e) Financial Assets		
(i) Investments	557,654	574,761
(ii) Trade Receivables	-	-
(iii) Loans	9,779	7,435
(iv) Other Financial Assets	28,077	42,692
(f) Advance Income Taxes (Net of provisions)	103,295	98,177
(g) Deferred Tax Assets (Net)	20,156	2,493
(h) Other Non-Current Assets	67,989	48,834
Total Non - Current Assets	1,066,837	1,060,393
Current Assets		
(a) Financial Assets		
(i) Investments	234,223	196,880
(ii) Trade Receivables	535,143	457,169
(iii) Cash and Cash Equivalents	103,590	97,168
(iv) Other Balances with Banks	112,997	111,217
(v) Loans	32,833	51,738
(vi) Other Financial Assets	232,325	217,463
(b) Other Current Assets	135,507	178,598
Total Current Assets	1,386,618	1,310,233
Assets held-for-sale	1,390	2,652
Total Current Assets	1,388,008	1,312,885
Total Assets	2,454,845	2,373,278
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	48,797	48,677
(b) Other Equity	1,728,330	1,640,344
Total Equity	1,777,127	1,689,021
Liabilities		
Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	18,847	17,420
(ii) Other Financial Liabilities	24,227	35,910
(b) Provisions	40,322	38,401
Total Non - Current Liabilities	83,396	91,731
Current liabilities		
(a) Financial Liabilities		
(i) Trade Payables	241,241	247,061
(ii) Other Financial Liabilities	32,574	26,935
(b) Other Current Liabilities	97,867	109,189
(c) Provisions	25,917	23,579
(d) Current Tax Liabilities (Net of advance income taxes)	73,683	62,722
Total Current Liabilities	471,282	469,486
Suspense Account (Net)	123,040	123,040
Total Equity and Liabilities	2,454,845	2,373,278

5 The financial performance included in the standalone financial results for the quarter ended 30 June 2017 was audited by another firm of Chartered Accountants and whose audit report dated 31 July 2017 has been furnished and relied for the purpose of audit of the standalone interim financial results for the six months period ended 30 September 2017. The standalone financial results of the Company for the quarter and six months period ended 30 September 2016, year ended 31 March 2017 and quarter ended 30 June 2017, were audited by another firm of Chartered Accountants who, vide their reports dated 27 October 2016, 26 May 2017 and 31 July 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 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 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 on the Emphasis of Matter mentioned in note 2 above which require adjustments to the financial statements/results.

Date : November 1, 2017
Place : Mumbai

C. P. Gurnani
Managing Director & CEO