

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, 2015

PART I	Particulars	Quarter ended			Half year ended		Rs. in Lakhs
		September 30, 2015	June 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	Year Ended March 31, 2015
1	Income from Operations	518,149	495,033	480,360	1,013,182	931,601	1,916,265
2	Expenses						
	a) Employee benefits expense	179,490	180,214	180,389	359,704	349,833	720,122
	b) Travelling Expenses	9,244	11,053	12,552	20,297	27,740	51,579
	c) Services rendered by Business Associates and Others	194,062	188,886	159,529	382,948	306,930	641,821
	d) Depreciation and amortisation expense	14,082	12,210	11,290	26,292	23,419	47,329
	e) Other expenses	49,777	43,801	40,100	93,578	83,075	176,162
	Total Expenses	446,655	436,164	403,860	882,819	790,997	1,637,013
3	Profit from operations before other income, finance costs and exceptional item (1-2)	71,494	58,869	76,500	130,363	140,604	279,252
4	Other Income						
	Exchange gain / (loss) (net)	(255)	8,533	(5,591)	8,278	(4,931)	(20,014)
	Other income	47,926	27,903	9,969	75,829	17,121	32,462
	Total	47,671	36,436	4,378	84,107	12,190	12,448
5	Profit before finance costs and exceptional item (3+4)	119,165	95,305	80,878	214,470	152,794	291,700
6	Finance costs	1,060	1,339	1,364	2,399	2,668	4,781
7	Profit after finance costs but before exceptional item and tax (5-6)	118,105	93,966	79,514	212,071	150,126	286,919
8	Exceptional item - Income (Refer Note 3(a) and (b))	-	3,536	-	3,536	-	6,127
9	Profit before tax (7+8)	118,105	97,502	79,514	215,607	150,126	293,046
10	Tax expense - Current and Deferred Tax	22,378	15,818	20,567	38,196	38,478	67,423
11	Profit after tax (9-10)	95,727	81,684	58,947	177,411	111,648	225,623
12	Paid-up Equity Share Capital (Face Value of Share Rs. 5) (refer note no.9)	48,117	48,077	23,545	48,117	23,545	48,039
13	Reserves excluding revaluation reserves as per Balance Sheet of previous accounting year	-	-	-	-	-	1,069,747
14	Earnings Per Equity Share (Rs) (Before exceptional item) (not annualised) (Refer Note No.9)						
	- Basic	9.96	8.13	6.29	18.08	11.91	22.94
	- Diluted	9.73	7.94	6.11	17.67	11.56	22.33
15	Earnings Per Equity Share (Rs) (After exceptional item) (not annualised) (Refer Note No.9)						
	- Basic	9.96	8.50	6.29	18.45	11.91	23.58
	- Diluted	9.73	8.30	6.11	18.03	11.56	22.96

PART II : Select Information for the quarter and half year ended September 30, 2015

PARTICULARS	Quarter ended			Half year ended		Year Ended
	September 30, 2015	June 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	March 31, 2015
A PARTICULARS OF SHAREHOLDING						
1	Public Shareholding					
	- Number of shares	609644372	608849788	150714549	609644372	608095400
	- Percentage of shareholding	63.35%	63.32%	64.01%	63.35%	63.29%
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	352693512	352693512	84736978	352693512	352693512
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%
	- Percentage of shares (as a % of the total share capital of the company)	36.65%	36.68%	35.99%	36.65%	36.71%

Particulars	3 months ended September 30, 2015
B. INVESTORS COMPLAINTS	
Pending at the beginning of the quarter	0
Received during the quarter	17
Disposed of during the quarter	17
Remaining unresolved at the end of the quarter	0

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 3, 2015.

2. Matters pertaining to Satyam Computer Services Limited (erstwhile Satyam):

2.1 Investigation at erstwhile Satyam:

In the letter dated January 7, 2009 Mr. B. Ramalinga Raju, the then Chairman of erstwhile Satyam, admitted 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), etc., had initiated investigations on various matters and conducted inspections and issued notices calling for information including from certain subsidiaries which have been responded to.

On April 13, 2009, SFIO filed seven cases out of which erstwhile Satyam was made accused in two cases for Companies Act violations. The Company Law Board vide its Order dated October 16, 2012 has compounded the said violations by levying a compounding fee of Rs. 11 Lakhs, which has already been paid by the Company in October 2012. There are no other proceedings initiated by SFIO against the Company and the management does not expect any further proceedings or penal action against the Company.

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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 internal forensic investigation by the management of erstwhile Satyam had also indicated possible diversion aggregating USD 41 Million from the proceeds of the American Depository Shares (ADS) relating to erstwhile Satyam which was revised to USD 19 Million based on further details of utilization obtained. The Company has responded to the ED's show-cause notice in May 2011 and has not received any further communication in this regard. In the opinion of the management, considering that the other investigations namely SFIO & CBI (as further discussed below) having completed and the above matter not being pursued therein, the management does not expect any further proceedings or penal action in the matter.

The ED had also issued a show-cause notice to erstwhile Satyam for contravention of the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Realisation, Repatriation and Surrender of Foreign Exchange) Regulations, 2000, in respect of the 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.

The CBI has also completed the investigation and filed their charge sheet naming 10 accused. The Special Session Court vide its Order dated April 9, 2015 in the matter, has convicted all the 10 accused for offences punishable under various sections of Indian Penal Code. The erstwhile Satyam (since merged with the Company) was not an accused party and there were no proceedings initiated against it by the CBI on completion of their investigation. 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 is envisaged.

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, no new claims have been received which need any further evaluation/adjustment/ disclosure in the books of account. However, any further adjustments as may be required in the financial statements, would be made as and when any further outcomes of the above matters are concluded.

2.2 Various investigation agencies had identified certain non-compliances / breaches of various laws and regulations by erstwhile Satyam under the former management (prior to Government nominated Board) 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. In respect of some of these matters, erstwhile Satyam (under the Management post Government nominated Board) has applied to the Honorable Company Law Board for condonation and the matters in respect of two cases were compounded as discussed in Note 2.1 above.

In respect of foreign currency receivables for the period's upto March 31, 2009, the required permission under the provisions of FEMA for extension of time had not been

obtained from the appropriate authorities. Erstwhile Satyam under the management post Government nominated Board has fully provided for these receivables.

In the opinion of the management, considering that the other investigations namely CBI/SFIO having completed and the above matters not being pursued therein, the management does not expect any further proceedings or penal action against the Company in these matter. However, any further adjustments as may be required in the financial statements, would be made as and when any further outcomes of the above matters are concluded.

2.3 Alleged Advances

Consequent to the aforesaid letter, the erstwhile Satyam received letters from 37 companies requesting confirmation by way of acknowledgement for 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. Further, the internal forensic investigation was also unable to identify the nature of these transactions. The legal notices also claimed damages/compensation @18% per annum from the date of advance till 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.

Further in the course of the merger petition of erstwhile Satyam with the company, the Honorable High Court 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, 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 Honorable High Court in its Order, 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 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 combined for hearing.

The Directorate of Enforcement (ED) is investigating the matter under the Prevention of Money Laundering Act, 2002 (PMLA) and directed the erstwhile Satyam not to return the alleged advances until further instructions. In furtherance to the investigation, certain fixed deposits of the Company then aggregating to Rs. 82200 Lakhs having alleged to be 'proceeds of crime' were provisionally attached vide Order dated October 18, 2012 by the Directorate of Enforcement (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 the interim order passed by the Single Judge before the Division Bench of the Court. During the quarter ended December 31, 2014, the Honorable High court upon hearing the matter, has dismissed the Appeal filed by ED and continued the Stay granted by the Single Judge vide its order dated December 31, 2014. Fixed Deposits initially attached aggregated to Rs 82200 Lakhs, of which Rs. 21420 Lakhs have been redeemed pursuant to the order passed on December 31, 2014. Certain banks have not released the attached deposits and matter is being pursued legally.

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 Prevention of Money Laundering Act, 2002 against erstwhile Satyam along with 212 accused persons. The Company had challenged the above complaint before the Honorable High Court of Andhra Pradesh which quashed the criminal complaint against the Company vide its order dated December 22, 2014. On appeal, 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 directed the Honorable High Court of Andhra Pradesh to dispose of the Writ petition within a period of four months and further directed the Trial court to defer the trial till the said Writ was disposed off.

In view of the aforesaid developments and also based on legal opinion, the Management is of the view that the claim by the 37 companies for repayment of the alleged advances, including interest thereon is not legally tenable and the same has been reinforced.

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 Honorable 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)', which would be accordingly dealt with/reclassified as and when appropriate.

2.4. Provision for taxation

The erstwhile Satyam had accounted for provision for taxation for several prior years aggregating Rs. 49892 Lakhs (net of taxes paid) as at March 31, 2013 (before giving effect to its amalgamation with the Company), for which the assessments are under dispute.

Subsequent to the amalgamation of erstwhile Satyam with the Company, 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 aggregating Rs. 22660 Lakhs, which has 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 is adequate.

3. Exceptional item

a) Based on the Management's assessment and improved financial performance of Tech Mahindra GmbH, the Company as at September 30, 2015, has reversed the provision for diminution in value of its investment in Tech Mahindra GmbH, which was provided for in an earlier year, amounting to Rs. 3536 Lakhs.

b) During the previous year ended March 31, 2015, based on the Management's assessment and improved financial performance of Citisoft Plc, the Company had reversed the provision for diminution in value of its investment in Citisoft Plc, which was provided in earlier years, amounting to Rs. 6127 Lakhs.

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4. Other income includes Rs. 3185 Lakhs write back during the current year of an estimated excess provision for contingencies provided in an earlier year by erstwhile

Satyam, based on actual receipt of VAT refund from the Joint Commissioner of Commercial Tax, Bangalore for Karnataka Value Added Tax and Central Sales Tax.

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 Judicature at Bombay vide its Order dated October 31, 2014, MESL, merged with the Company with effect from the appointed date of April 1, 2013. The Scheme came into effect on December 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, the Company had, 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 of MESL, aggregating to 4259011 Equity shares as purchase consideration to the existing shareholders of MESL. The Company has initiated the formalities to transfer the title in respect of the contracts, agreements, etc. of MESL in its name.

6. Scheme of Amalgamation and Arrangement of Tech Mahindra BPO Limited and New vC Services Private Limited:

The Board of Directors of the Company in their meeting held on May 26, 2015 had approved the Scheme of Amalgamation and Arrangement under applicable provisions of the Companies Act, 2013 of Tech Mahindra BPO Limited and New vC Services Private Limited, both of which are wholly owned subsidiaries of the Company with the Company. The Appointed date of the Scheme is April 1, 2015. Further, both the Transferor companies have filed the Company Scheme petition before the Honorable High Court of Bombay on September 21, 2015, and the same was admitted on October 30, 2015.

7. The Company has received an "In-principle" approval to set up a 'Payments bank' from Reserve Bank of India (RBI) on September 07, 2015. The proposed Payments bank will be an independent Company licensed under Section 22 of the Banking Regulation Act, 1949 with equal equity contribution from the Company and Mahindra and Mahindra Financial Services Limited (MMFSL).

The Payments bank would be established within 18 month from the date of "In-principle" approval letter of RBI and the company is yet to incorporate the new entity.

8. Current tax expense for the quarter and half year ended September 30, 2015 is net of excess provision of Rs. 789 Lakhs and Rs. 2032 lakhs respectively (quarter and half year ended 30th September 2014: Rs. 1655 Lakhs and Rs. 1700 lakhs) of earlier periods written back, no longer required.

9. For the quarter and half year ended September 30, 2014, the equity shares and Basic and Diluted earnings per share has been presented to reflect the adjustment for bonus share and split in accordance with Accounting Standard 20 'Earnings Per Share'.

10. The results for the quarter and half year ended September 30, 2015 include the results of MESL after giving effect to the Scheme (refer note 5 above) and hence the same are not strictly comparable with those of the previous/corresponding quarter/s.

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

12. The qualification in the Auditors' Report for the quarter and half year ended September 30, 2015 and Management response thereon;

The qualification in the Auditors' report pertains to the following:

With respect to the matters described in Note 2.3 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.

Statement of Assets and Liabilities (Stand Alone - Audited)

Particulars	Rs. in Lakhs	
	As at September 30, 2015	As at March 31, 2015
A. EQUITY AND LIABILITIES		
1. Shareholders' Funds		
(a) Share Capital	48,117	48,039
(b) Reserves and Surplus	1,263,779	1,077,536
2. Share application money pending for allotment	196	34
3. Non Current Liabilities		
(a) Long-Term Borrowings	1,842	-
(b) Other Long-Term Liabilities	2,583	-
(c) Long-Term Provisions	33,645	32,929
4. Current Liabilities		
(a) Trade Payables	168,674	183,307
(b) Other Current Liabilities	98,565	89,033
(c) Short-Term Provisions	75,984	147,728
5. Amount Pending Investigation Suspense Account (Net)	123,040	123,040
TOTAL - EQUITY AND LIABILITIES	1,816,425	1,701,646
B. ASSETS		
1. Non-Current Assets		
(a) Fixed Assets	265,851	253,210
(b) Non-Current Investments	372,521	363,091
(c) Deferred Tax Asset	33,142	28,802
(d) Long-Term Loans and Advances	98,218	107,649
(e) Other Non-Current Assets	38	7
2. Current Assets		
(a) Current Investments	122,450	45,675
(b) Trade Receivables	470,397	424,084
(c) Cash and Cash Equivalents	155,939	181,947
(d) Short-Term Loans and Advances	163,393	174,519
(e) Other Current Assets	134,476	122,662
TOTAL - ASSETS	1,816,425	1,701,646

Date : November 3, 2015

Place : Mumbai

C. P. Gurnani
Managing Director & CEO