

Revenue for the quarter at Rs.71,674 Mn, up 3.6% sequentially and 8.3% 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 and half year ended September 30, 2016

PART I							Rs.in Lakhs
Particulars	Quarter ended			Half Year ended		Year ended	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	March 31, 2016	
1 Income from Operations (Net)	716,741	692,093	661,554	1,408,834	1,290,936	2,649,423	
2 Expenses							
a) Employee benefits expense	390,217	362,740	348,063	752,957	683,488	1,394,747	
b) Services rendered by Business Associates and Others	87,436	87,192	90,519	174,628	181,875	357,267	
c) Depreciation and amortisation expense	24,475	20,188	19,650	44,663	36,894	75,892	
d) Other expenses	132,074	139,246	114,302	271,320	226,398	470,335	
Total Expenses	634,202	609,366	572,534	1,243,568	1,128,655	2,298,241	
3 Profit from operations before other income and finance costs (1-2)	82,539	82,727	89,020	165,266	162,281	351,182	
4 Other Income							
Exchange gain/(loss) (net)	8,630	4,789	(2,041)	13,419	5,944	10,082	
Other Income	5,239	19,791	11,822	25,030	16,279	34,306	
Total	13,869	24,580	9,781	38,449	22,223	44,388	
5 Profit before finance costs (3+4)	96,408	107,307	98,801	203,715	184,504	395,570	
6 Finance costs	3,452	2,740	1,751	6,192	3,897	9,704	
7 Profit after finance costs but before tax (5-6)	92,956	104,567	97,050	197,523	180,607	385,866	
8 Share of Profit / (Loss) of Associates	(15)	(234)	41	(249)	147	263	
9 Profit before tax	92,941	104,333	97,091	197,274	180,754	386,129	
10 Tax expense	28,601	24,679	19,055	53,280	40,474	81,832	
11 Profit after tax	64,340	79,654	78,036	143,994	140,280	304,297	
12 Profit for the Quarter attributable to:							
Owners of the Company	64,473	75,011	77,619	139,484	139,869	300,834	
Non Controlling Interests	(133)	4,643	417	4,510	411	3,463	
13 Other Comprehensive Income for the period	(1,234)	6,280	6,337	5,046	(3,419)	23,677	
14 Total Comprehensive Income for the period	63,106	85,934	84,373	149,040	136,861	327,974	
15 Total Comprehensive Income for the Period attributable to:							
Owners of the Company	63,830	81,242	83,907	145,072	136,360	324,500	
Non Controlling Interests	(724)	4,692	466	3,968	501	3,474	
16 Paid-up Equity Share Capital (Face Value of Share Rs. 5)	43,768	43,726	43,277	43,768	43,277	43,545	
17 Total Reserves						1,415,902	
18 Earnings Per Equity Share (Rs) (not annualised)							
- Basic	7.38	8.59	8.98	15.96	16.17	34.69	
- Diluted	7.25	8.44	8.75	15.69	15.76	33.89	
Standalone Information (Audited)							Rs.in Lakhs
Particulars	Quarter ended			Half Year ended		Year ended	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	March 31, 2016	
Income from Operations	568,219	564,676	525,991	1,132,895	1,027,622	2,096,981	
Profit before tax	113,265	95,001	121,322	208,266	218,193	388,081	
Profit after tax	87,221	73,748	98,300	160,969	178,610	317,727	
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							Rs.in Lakhs
Particulars	Quarter ended			Half Year ended		Year ended	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	March 31, 2016	
Segment Revenue							
a) IT	668,461	643,212	610,951	1,311,674	1,195,274	2,452,473	
b) BPO	48,280	48,881	50,603	97,160	95,662	196,950	
Total	716,741	692,093	661,554	1,408,834	1,290,936	2,649,423	
Less: Inter Segment Revenue	-	-	-	-	-	-	
Net Sales / Income from operations	716,741	692,093	661,554	1,408,834	1,290,936	2,649,423	
Segment Profit before tax, interest and depreciation							
a) IT	135,533	130,338	133,347	265,871	252,265	531,733	
b) BPO	13,338	14,380	17,053	27,718	29,053	58,961	
Total	148,871	144,718	150,400	293,589	281,318	590,694	
Less:							
(i) Finance costs	3,452	2,740	1,751	6,192	3,897	9,704	
(ii) Other unallocable expenditure Net off un-allocable income	52,463	37,411	51,599	89,874	96,814	195,124	
Profit before tax	92,956	104,567	97,050	197,523	180,607	385,866	



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Rs.in Lakhs

Statement of segment Assets and Liabilities	September 30, 2016	June 30, 2016	September 30, 2015	March 31, 2016
Segment Assets				
Trade and Other Receivables				
IT	838,691	779,031	768,087	756,657
BPO	58,017	43,634	47,710	43,478
Total Trade Receivables	896,708	822,665	815,797	800,135
Unallocable Assets	1,510,204	1,612,449	1,181,903	1,440,339
TOTAL ASSETS	2,406,912	2,435,114	1,997,700	2,240,474
Segment Liabilities				
Unallocable Liabilities	2,406,912	2,435,114	1,997,700	2,240,474
TOTAL LIABILITIES	2,406,912	2,435,114	1,997,700	2,240,474

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 October 27, 2016.

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

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

In 2009, SFIO initiated two proceedings against erstwhile Satyam for Companies Act violations which have since been compounded. On December 24, 2009, SFIO filed its report under Section 235 of the Companies Act before the Company Law Board (CLB) which stated that 'all these offences and violations relating to fraud have already been covered by CBI in its charge-sheet and a prosecution has been launched by CBI under various sections of Indian Penal Code in none of which erstwhile Satyam was made a party. Consequently, the CLB vide its further Order dated March 1, 2016 struck off the name of the Company from the array of respondent in the Company Petition filed by the Ministry of Company Affairs (MCA). There are no other proceedings initiated by SFIO/CLB against the Company and the Management does not expect any further proceedings or penal action in this regard.

On a FIR filed by one of the investors, the Andhra Pradesh Crime Branch, Crime Investigation Department (AF CB CID), Hyderabad started an investigation into the fraud in 2009, which was subsequently transferred to CBI, Hyderabad. In all, there were 3 separate complaints instituted by the CBI before the XIV Additional Chief Metropolitan Magistrate cum Special Sessions Court, Hyderabad (Special Court). By a common judgment dated April 9, 2015, the Special Court found the accused persons guilty and convicted them. The Company was not named as an accused in the proceedings and in the said judgment. 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 are envisaged in this regard.

Further, 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 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, 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.

On May 22, 2013, the ED had issued a show-cause notice to the erstwhile Satyam for contravention of provisions of the Foreign Exchange Management Act, 1999 (FEMA) for alleged non-repatriation of American Depository Receipts (ADR) proceeds aggregating USD 39.2 Million. The Company has responded to the ED's show-cause notice on March 28, 2014 and has not received any further communication in this regard.

The ED had also issued a show-cause notice to the erstwhile Satyam on April 28, 2011 for contravention of the provisions of FEMA and the Foreign Exchange Management (Realisation, Repatriation and Surrender of Foreign Exchange) Regulations, 2000, in respect of the non-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.

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, as per above, the investigations have been completed and no new claims have been received which need any further evaluation/adjustment/disclosure in the books of account.

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 these companies dated August 4/5, 2009, 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. This is also borne out in the internal forensic investigation. 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.

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. Lower Court upon hearing the application has condoned the delay in re-submission of the petition. The Company has challenged the said order in Revision before the High Court of Andhra Pradesh, which is pending hearing. In another Revision, the Company has also filed a Revision against the orders of the Lower Court in the application filed by the Company to recall the Order in numbering the pauper petition as Original Petition. Honorable High Court has been pleased to stay the proceedings until further orders.

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The Honorable High Court in its Order approving the merger of the erstwhile Satyam with the Company, 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 Honorable High Court held, inter-alia, 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 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) 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 deposit 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.

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 PMLA against erstwhile Satyam along with 212 accused persons. The Company had challenged the above prosecution before the Honorable High Court of Andhra Pradesh which quashed the criminal complaint against the Company vide its Order dated December 22, 2014. On an appeal preferred by the ED, 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, vide its Order dated May 11, 2015, directed the Honorable High Court of Andhra Pradesh to dispose off the Writ Appeal on its merits and preferably within a period of four months and further stayed the proceeding before the Trial Court. The said Appeal has not been heard till date.

In view of the aforesaid developments, which occurred and crystallised during the year and also 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, 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. Satyam Venture Engineering Services Private Limited (SVES)

Accounting for sales commission

During the financial year 2011-12, the Board of SVES re-assessed the need to accrue sales commission in its books and based on such re-assessment took the view, when the financial statements of SVES for the year ended March 31, 2012 was tabled for approval, that the accrual of sales commission from FY 05-06 to FY 10-11 of Rs. 3590 Lakhs be written back as other income in the Statement of Profit and Loss and the sales commission for the period from April 2011- December 2011 be reversed.

However, as a prudent measure, the Board directed that SVES to provide an amount of Rs. 5290 Lakhs as a provision for contingency, covering the period from FY 05-06 to FY 11-12 which in its opinion would be adequate to cover any possible outflow that may arise in respect of the above aforesaid matter and adjustments to the financial statements if any, arising out of dispute between joint venture partners to be made on final disposal of legal proceedings.

Taking into accounts subsequent legal developments and an order of the Honorable High Court of Andhra Pradesh dated August 23, 2013 in the matter directing all parties to maintain status quo, the Board of SVES did not make any provision for contingency in the half year ended September 30, 2016 towards sales commission but instead disclosed an amount of Rs. 9470 Lakhs as contingent liability to cover any possible charge that may arise in respect of the above said matter, in the financial statements for the half year ended September 30, 2016 and by way of abundant caution considering the issues before judicial authorities, notwithstanding the Board's view that there is no need to accrue sales commission.

Preparation of financial statements

At the Annual General Meetings of the SVES held on October 29, 2012, September 10, 2013, September 22, 2014, September 07, 2015 and July 29, 2016 one of the shareholders abstained from voting on the resolution for adoption of audited financial statements as at and for the year ended March 31, 2012, March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016 respectively. In terms of Article 66 of the Articles of Association of SVES, the adoption of audited financial statements requires unanimous consent of both the shareholders of SVES. Therefore, the said financials have not been approved by the shareholders.

The financial statements as at and for the half year ended September 30, 2016 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.

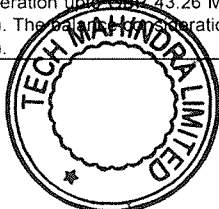
4. Other income for the quarter and half year ended September 30, 2015 includes Rs. 3185 Lakhs write back of an estimated excess provision for contingencies provided in an earlier year by erstwhile Satyam, based on actual receipt of VAT refund from the Joint Commissioner of Commercial Tax, Bangalore for Karnataka Value Added Tax and Central Sales Tax.

5. On April 29, 2016, Company had incorporated a subsidiary, PF Holdings B.V. in Netherlands. The Company infused EUR 25.10 Million (Rs. 18840 Lakhs) in share capital of PF Holdings B.V. for 60% stake. On May 30, 2016, the Company jointly with Mahindra & Mahindra, through PF Holdings B.V., completed the acquisition of purchasing the controlling stake in Pininfarina S.p.A., an iconic Italian brand in automotive and industrial design. As per the agreement, the Company and Mahindra and Mahindra purchased 76.06 % stake for a total upfront consideration of EUR 25.24 Million (Rs. 18950 Lakhs). Accordingly, Pininfarina S.p.A. became a step-down subsidiary of the Company w.e.f the said date.

Further, as per the share purchase agreement, PF Holdings B.V. made an open public offer to acquire remaining 7205128 shares of Pininfarina S.p.A at a price of Euro 1.10 per share, payable upfront. The open offer concluded on July 29, 2016 in which 22348 equity shares were purchased and transferred on August 5, 2016 in the name of PF Holdings B.V. and accordingly, PF Holdings B.V. increased its holding to 76.18% of the share capital of Pininfarina S.p.A.

6. The Company, through its subsidiary, Tech Mahindra Fintech Holdings Limited acquired 100 % equity stake in Target Topco Limited, a company based in UK on August 19, 2016 for an aggregate consideration of GBP 122.97 Million. The company, as per the share purchase agreement paid the initial consideration of GBP 102.75 Million (Rs. 90350 Lakhs) and accrued on fair value the balance consideration of GBP 20.22 Million (Rs. 17440 Lakhs) which is payable on mutually agreed performance milestones in Calendar year 2020.

7. The Company, on June 21, 2016 entered into an agreement to acquire 100 % share capital in The Bio Agency Limited, a company based in UK for a consideration upto GBP 43.26 Million. The company, on July 1, 2016 completed the acquisition and paid the initial consideration of GBP 24.91 Million (Rs. 22650 Lakhs). The balance consideration payable on mutually agreed performance milestones has been accrued on fair value amounting to GBP 12.42 Million (Rs. 11277 Lakhs).



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8. Current tax expense for the quarter and half year ended September 30, 2016 is net of excess provision of Rs. 1382 Lakhs and Rs. 1971 Lakhs respectively (quarter and half year ended September 30, 2015: Rs. 789 Lakhs and Rs. 2032 Lakhs) of earlier periods written back, no longer required.

9. Total assets of Rs. 160568 lakhs (7% of total assets) as at September 30, 2016, total revenue of Rs. 21654 lakhs (3% of quarter revenues) and Rs. 29719 lakhs (2% of half yearly revenues) for the quarter and half year ended September 30, 2016 respectively and total loss after tax of Rs. 6048 lakhs (9% of quarterly profit after tax) and total profit after tax of Rs. 5684 lakhs (4% of half yearly profit after tax) and Total comprehensive loss of Rs. 9184 lakhs (15% of quarter Total comprehensive loss) and Total comprehensive income of Rs. 2368 lakhs (2% of half year Total comprehensive loss) for the quarter and half year ended September 30, 2016, respectively, as considered in the consolidated financial results have not been audited.

10. The Group has prepared its first Indian Accounting Standards (Ind AS) compliant Consolidated Financial Statements for the periods commencing April 1, 2016 with restated comparative figures for the year ended March 31, 2016 in compliance with Ind AS. The Group had prepared these financial statements in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013. Accordingly, the Balance Sheet, in line with Ind AS transitional provisions, has been prepared as at April 1, 2015, the date of company's transition to Ind AS. In accordance with Ind AS 101 First-time Adoption of Ind AS, the Group has presented below a reconciliation of net profit as presented in accordance with Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to total comprehensive income for the quarter and half year ended September 30, 2015 and for the year ended March 31, 2016 and reconciliation of shareholders funds as per the previous GAAP to equity under Ind AS at March 31, 2016 and April 1, 2015:

		Rs. in Lakhs		
Particulars	Note No.	Quarter ended September 30, 2015	Half year ended September 30, 2015	Year ended March 31, 2016
Net Profit as per Previous GAAP attributable to:				
Owners of the company		78,563	146,170	311,804
Non Controlling Interest		654	806	4,132
Net Profit as per Previous GAAP		79,217	146,976	315,936
Adjustments				
Impact of business combinations		-	-	(85)
Adjustments w.r.t. entities under common control		(5,745)	(5,745)	(5,745)
Impact of stock compensation cost	iii	(803)	(1,854)	(3,269)
Provision reversal of non-current investment	ii	-	(2,435)	(2,435)
Actuarial gain on defined benefit liability recognised in Other Comprehensive income	vii	(414)	(674)	(643)
Gain / (loss) on fair valuation of current investments (mutual funds)	v	87	(4)	230
Exchange difference on translation of financial statement of foreign operations	vii	(1,261)	(2,505)	(3,813)
Tax Adjustments	vi	6,992	6,558	4,183
Others		(37)	(37)	(62)
Net Profit as per Ind AS		78,036	140,280	304,297
Other Comprehensive Income		6,337	(3,419)	23,677
Total Comprehensive Income as per Ind AS		84,373	136,861	327,974
Owners of the company		83,907	136,360	324,500
Non Controlling Interest		466	501	3,474

Reconciliation of Equity

Particulars	Note No.	Amounts in Rs.Lakhs	
		As at March 31, 2016	As at April 1, 2015
Balance as per Previous GAAP attributable to		1,456,967	1,240,898
Tech Mahindra Limited		1,436,772	1,224,890
Non-controlling interests		20,195	16,008
Adjustments:			
Adjustments w.r.t. entities under common control		(120,686)	(120,794)
Dividend (including dividend tax)	i	139,781	69,380
Gain/ (Loss) on revaluation of Goodwill on Consolidation	iv	2,167	(3,669)
Gain on revaluation of Fixed Assets	iv	2,077	1,487
Tax Adjustment	vi	(2,532)	(6,714)
Gain on fair valuation of current investments (mutual funds)	v	691	464
Gain on revaluation of non-current investment	ii	320	872
Provision reversal of non-current investment	ii	80	2,514
Impact of Business Combinations		(56)	-
Balance as per Ind AS attributable to		1,478,809	1,184,438
Tech Mahindra Limited		1,459,449	1,168,608
Non-controlling interests		19,360	15,830

Footnotes to the reconciliation between Previous GAAP and Ind AS.

i) Reversal of Proposed dividend and tax thereon:

In accordance with Ind AS 10 "Events after the Reporting Period", provision for proposed final dividend and tax on dividend has been derecognized by the Group, as dividend was declared by the company and approved by shareholders in the annual general meeting which was after the end of the reporting period. This has resulted in increase in equity by Rs. 139781 Lakhs as at March 31, 2016 and Rs. 69380 lakhs as at April 1, 2015.

ii) Fair Value Through Other Comprehensive Income (FVTOCI) Financial assets:

Under the Previous GAAP, the Group accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments (other than subsidiaries and associates) as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value and accordingly, the difference (gain) has been recognised in equity amounting to Rs. 320 Lakhs and Rs. 872 Lakhs as at March 31, 2016 and April 1, 2015 respectively, and total comprehensive income has been decrease by Rs. 699 Lakhs for the quarter ended September 30, 2015, increase by Rs. 521 Lakhs for the half year ended September 30, 2015 and Rs. 546 Lakhs for year ended March 31, 2016 respectively.

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The Group, under the Previous GAAP had made provision for diminution in value of quoted investments in earlier years, now under Ind AS since investments are accounted at fair value, provision for diminution, no longer required has been reversed by the Group and corresponding effect has been given by crediting equity by Rs. 80 Lakhs as at March 31, 2016 and Rs. 2514 million as at April 1, 2015. During the half year ended September 30, 2015, Group had already reversed the provision for diminution in value of quoted investment of Rs. 2435 Lakhs in Previous GAAP financials and on reversal on transition date, the profit under Ind AS has been decreased by Rs. 2435 Lakhs for half year ended September 30, 2015 and year ended March 31, 2016.

iii) Share based payments:

Under the Previous GAAP, the Group recognised compensation cost based on intrinsic value method. Ind AS 102 "Share-based Payment", requires compensation cost to be recognised on fair value as at grant date to be determined using an appropriate pricing model over the vesting period. Accordingly, the profit decreased (excess of cost determined on fair value basis over intrinsic value basis) by Rs. 803 Lakhs and 1854 Lakhs for the quarter and half year ended September 30, 2016 respectively and decreased by Rs. 3269 Lakhs year ended March 31, 2016.

iv) Foreign currency translation:

In accordance with Ind AS 21, The Effects of Changes in Foreign Exchange Rates, Goodwill arising on acquisition of foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation shall be treated as assets and liabilities of the foreign operation. Thus they shall be expressed in the functional currency of the foreign operation and shall be translated at the closing rate in accordance with the standard. In the case of the Group, Goodwill arising on acquisition of foreign operation has been translated at closing rate and corresponding effect has been given in equity amounting to gain of Rs. 2167 Lakhs as at March 31, 2016 and loss of Rs. 3669 Lakhs as at April 1, 2015 respectively. Other comprehensive income has been increased by Rs. 1704 Lakhs, Rs 4071 lakhs and Rs 5837 Lakhs for the quarter ended September 30, 2015, half year ended September 30, 2015 and year ended March 31, 2016 respectively.

In Previous GAAP, assets of integral foreign operations were carried at historical exchange rates and non-integral foreign operations at closing exchange rates. Now in accordance with Ind AS 21, Property, Plant and Equipment of integral foreign operations has been restated at closing rate and corresponding effect (gain) has been given in equity amounting to Rs. 2077 Lakhs and Rs. 1487 Lakhs as at March 31, 2016 and April 1, 2015 respectively, and other comprehensive income has increased by Rs. 245 Lakhs, Rs. 394 Lakhs and Rs. 600 Lakhs for quarter ended September 30, 2015, half year ended September 30, 2015 and year ended March 31, 2016 respectively.

v) Fair Value Through profit or loss in respect of Financial assets:

Under the Previous GAAP, the Group accounted for its current investment in mutual funds on the basis of cost or net realizable value, whichever is lower. Ind AS requires the same to be measured at fair value. Accordingly, current investment in mutual funds have been measured at fair value and accordingly equity has increased by Rs. 691 Lakhs and Rs. 464 Lakhs as at March 31, 2016 and April 1, 2015 respectively, and profit has increased by Rs. 87 Lakhs for quarter ended September 30, 2015, decreased by Rs. 4 Lakhs for the half year ended September 30, 2015 and increased by Rs. 230 Lakhs for the year ended March 31, 2016

vi) Deferred tax

Previous GAAP required deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP

Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

These adjustments have resulted in decrease in equity by Rs. 2532 Lakhs and Rs. 6714 Lakhs as at March 31, 2016 and April 1, 2015 respectively, and profit has been increased by Rs. 6992 Lakhs and Rs 6558 Lakhs for the quarter and half year ended September 30, 2015 respectively, and increase by Rs 4183 Lakhs for the year ended March 31, 2016.

Tax adjustments are primarily on account of deferred taxes liability recognised on undistributed earnings of subsidiaries.

vii) Other Comprehensive income:

Under the Previous GAAP, the Group has not presented other comprehensive income (OCI) separately. Now, under Ind AS, actuarial gain/loss on defined benefit liability, effective portion of cash flow hedges and currency translation reserve has been shown separately and routed through OCI.



Tech Mahindra Limited

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Consolidated Audited Financial Results for the quarter and half year ended September 30, 2016

Statement of Assets and Liabilities (Consolidated - Audited)

Particulars	Amounts in Rs.Lakhs		
	As at September 30, 2016	As at March 31, 2016	As at April 1, 2015
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	303,072	237,951	205,766
(b) Capital Work-in-Progress	47,861	62,943	56,774
(c) Investment Property	11,111	5,461	5,560
(d) Goodwill	249,929	174,164	168,991
(e) Other Intangible Assets	77,314	10,299	10,121
(f) Financial Assets			
(i) Investments	7,330	11,776	11,440
(ii) Trade Receivables	1,656	-	-
(iii) Loans	99	-	-
(iv) Other Financial Assets	44,319	40,146	43,254
(g) Deferred Tax Assets (Net)	42,121	53,220	32,298
(h) Other Non-Current Assets	159,907	149,354	113,150
Total Non - Current Assets	944,719	745,314	647,354
Current Assets			
(a) Inventories	6,424	4,034	2,455
(b) Financial Assets			
(i) Investments	118,060	112,480	76,418
(ii) Trade Receivables	613,825	577,049	520,590
(iii) Cash and Cash Equivalents	191,929	239,778	120,872
(iv) Other Balances with Banks	88,420	162,017	120,015
(v) Loans	2,860	-	-
(v) Other Financial Assets	315,091	276,504	293,209
(c) Other Current Assets	125,584	123,298	99,019
Total Current Assets	1,462,193	1,495,160	1,232,578
Total Assets	2,406,912	2,240,474	1,879,932
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	43,768	43,554	43,201
(b) Other Equity	1,445,399	1,415,898	1,125,409
Equity Attributable to Owners of the Company	1,489,167	1,459,452	1,168,610
Non controlling Interest	47,944	19,362	15,830
Total Equity	1,537,111	1,478,814	1,184,440
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	43,804	19,664	4,596
(ii) Other Financial Liabilities	26,180	5,421	14,578
(b) Provisions	63,910	53,105	41,014
(c) Other Non-Current Liabilities	647	344	240
Total Non - Current Liabilities	134,541	78,534	60,428
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	83,064	80,540	62,860
(ii) Trade Payables	243,333	227,594	205,884
(iii) Other Financial Liabilities	35,968	26,969	27,024
(b) Other Current Liabilities	136,731	123,842	105,777
(c) Provisions	33,216	31,986	39,536
(d) Current Tax Liabilities (Net)	79,908	69,155	70,943
Total Current Liabilities	612,220	560,086	512,024
Suspense Account (Net)	123,040	123,040	123,040
Total Equity and Liabilities	2,406,912	2,240,474	1,879,932

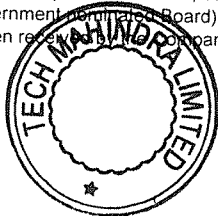
11. Previous period figures have been regrouped/rearranged wherever necessary.

12. 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:
During the previous year ended March 31, 2016, the Additional Chief Metropolitan Magistrate cum Special Sessions Court, Hyderabad vide common judgement on April 9, 2015 convicted the accused persons in 3 separate complaints instituted by the Central Bureau of Investigation (CBI), which also covered the matters investigated by the Serious Fraud Investigation Office (SFIO). The Company was not named as an accused in the proceedings and in the said judgment. The Management does not believe there will be any further proceedings against the Company in this respect. The Company Law Board vide its further Order dated March 1, 2016 has also struck off the name of the Company from the array of respondent in the petition filed by the Ministry of Company Affairs (MCA).

Further, as explained in note 2, certain non-compliances and breaches of various laws and regulations by the erstwhile Satyam under the former Management (prior to Government Appointed 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.



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Consolidated Audited Financial Results for the quarter and half year ended September 30, 2016

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. 123040 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 as explained in the note.

Note 3 in respect of one of the subsidiary of the Company whose financial statements /financial information reflect total assets of Rs. 20934 lakhs as at September 30, 2016, total revenues of Rs. 6963 lakhs and Rs. 13502 lakhs for the quarter and half year ended September 30, 2016 respectively, profit after tax of Rs. 2057 lakhs and Rs. 3032 lakhs for the quarter and half year ended September 30, 2016 respectively and Total comprehensive income of Rs. 2005 lakhs and Rs. 2970 lakhs for quarter and half year ended September 30, 2016 respectively as considered in the consolidated financial results, the other auditors have drawn attention to the 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 March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 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 half year ended September 30, 2016 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

13. Management response to Emphasis of Matters:

With regard to the emphasis of matters stated in Note 12 above, There are no additional developments on Emphasis of Matter mentioned in Note 2 and 3 above which require adjustments to the financial statements.

14. The standalone 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 : October 27, 2016

Place : Mumbai

C. P. Gurnani

Managing Director & CEO

