

Tech Mahindra Limited
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Registered Office:
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CIN L64200MH1986PLC041370

January 30, 2017

To

**The Manager,
Listing Department
Bombay Stock Exchange Limited**
Phiroze Jeejeebhoy Towers,
Dalal Street, MUMBAI – 400 001.
Scrp Code : 532755

**The Manager,
Listing Department
National Stock Exchange of India Ltd.**
Exchange Plaza, 5th floor, Plot No. – C/1,
G Block, Bandra-Kurla Complex,
Bandra (E), Mumbai – 400051.
NSE Symbol : TECHM

Dear Sir(s)

Sub: Outcome of Board Meeting held on January 30, 2017

Pursuant to Regulation 33 read with Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform that the Board of Directors of the Company in its meeting held today, approved the audited financial results and consolidated financial results of the Company for the third quarter ended 31st December, 2016.

In this regard, please find enclosed:

1. Audited financial results and consolidated financial results of the Company for the third quarter ended 31st December, 2016 together with Auditors Report thereon.
2. Press Release on the financial results.
3. Fact Sheet giving certain operational financial parameters which will be put up on the Company website.

This is for your information and record.

Thanking you,

For **Tech Mahindra Limited**


G. Jayaraman
**Company Secretary &
Chief Compliance Officer**

Encl.: As above

Particulars	Rs. in Lakhs					
	Quarter ended			Nine months ended		Year Ended
	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015	March 31, 2016
1 Income from Operations	591,286	568,219	522,674	1,724,181	1,550,300	2,096,981
2 Expenses						
a) Employee benefits expense	195,154	195,993	184,778	576,182	553,329	742,901
b) Services rendered by Business Associates and Others	219,114	211,835	199,337	647,561	579,568	780,285
c) Depreciation and amortisation expense	15,466	14,781	11,874	44,457	38,391	54,174
d) Other expenses	74,868	68,746	51,591	213,469	170,574	235,000
Total Expenses	504,602	491,355	447,580	1,481,669	1,341,862	1,812,360
3 Profit from operations before other income and finance costs (1-2)	86,684	76,864	75,094	242,512	208,438	284,621
4 Other Income						
Exchange gain / (loss) (net)	12,161	9,846	1,196	30,561	9,711	13,393
Other income	5,673	28,256	6,409	42,876	85,141	95,399
Total	17,834	38,102	7,605	73,437	94,852	108,792
5 Profit before finance costs and tax (3+4)	104,518	114,966	82,699	315,949	303,290	393,413
6 Finance costs	2,020	1,701	1,640	5,184	4,041	5,332
7 Profit before tax (5-6)	102,498	113,265	81,059	310,765	299,249	388,081
8 Tax expense - Current and Deferred Tax	17,309	26,044	18,716	64,606	58,299	70,354
9 Profit after tax (7-8)	85,189	87,221	62,343	246,159	240,950	317,727
10 Other Comprehensive Income	2,749	6,723	15,226	11,209	4,061	13,054
11 Total Comprehensive Income (9+10)	87,938	93,944	77,569	257,368	245,011	330,781
12 Paid-up Equity Share Capital (Face Value of Share Rs. 5)	48,626	48,568	48,304	48,626	48,304	48,355
13 Total Reserves						1,451,114
14 Earnings Per Equity Share (Rs) (not annualised)						
- Basic	8.78	8.99	6.48	25.36	25.04	32.98
- Diluted	8.65	8.86	6.34	25.00	24.50	32.30

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 30, 2017.

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 (AP 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 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.



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Standalone Audited Financial Results for the quarter and nine months ended December 31, 2016

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 pauper petition. The Company has challenged the said order in Revision before the High Court of Andhra Pradesh, which is pending hearing. In another development, 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.

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 is pending for hearing.

In view of the aforesaid developments, which occurred and crystallised during the previous 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. Other income for the nine months ended December 31, 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.

4. Pursuant to the Scheme of Amalgamation (the Scheme) sanctioned by the Honorable High Court of Judicature at Bombay vide its order dated March 04, 2016, Tech Mahindra BPO Limited (TMBPO), and New vC Services Private Limited (New vC) have been merged with the Company with effect from April 1, 2015 (the appointed date). The Scheme came into effect on March 29, 2016, the day on which the order was delivered to the Registrar of the Companies, and pursuant thereto the entire business and all assets and liabilities, income and expense have been included retrospectively in the financial statements of the company prepared under Ind AS in accordance with Ind AS 103 Business Combinations as the amalgamated companies are entities under common control. Amount of Share capital of the transferor companies and gross value recorded as investments is adjusted and the difference is debited to General Reserves in accordance with the Scheme.

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 upto GBP 163.75 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).

8. Other income for nine months ended December 31, 2015 includes reversal of provision for diminution in value of its investment in Tech Mahindra GmbH based on the Management's assessment and improved financial performance of Tech Mahindra GmbH, which was provided for in an earlier year amounting to Rs. 3536 Lakhs.

9. Current tax expense for the quarter and nine months ended December 31, 2016 is net of excess provision of Rs. 8972 Lakhs and Rs. 5726 lakhs respectively (quarter and nine months ended December 31, 2015: Rs. 1553 lakhs and Rs. 3585 lakhs respectively) of previous periods written back, no longer required.

10. The Company has prepared its first Indian Accounting Standards (Ind AS) compliant 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 company 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 Company 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 nine months ended December 31, 2015 and for the year ended March 31, 2016.



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Standalone Audited Financial Results for the quarter and nine months ended December 31, 2016

Rs. in Lakhs

Particulars	Note No.	Quarter ended December 31, 2015	Nine months ended December 31, 2015	Year ended March 31, 2016
Net profit as per Previous GAAP		61,629	239,041	322,000
Adjustments				
Merger of Entities under common control	4	782	5,699	-
Impact of stock compensation cost	ii	44	(595)	(905)
Provision reversal of non-current investment	i	-	(2,435)	(2,435)
Actuarial gain on defined benefit liability recognised in Other Comprehensive income	iv	(112)	(760)	(980)
Gain / (loss) on fair valuation of current investments (mutual funds)	iii	-	-	72
Others		-	-	(25)
Net Profit as per Ind AS		62,343	240,950	317,727
Other Comprehensive Income	i and iv	15,226	4,061	13,054
Total Comprehensive income as per Ind AS		77,569	245,011	330,781

Footnotes to the reconciliation between Previous GAAP and Ind AS.

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

Under the Previous GAAP, the Company 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 total comprehensive income has been increased by Rs. 1,717 Lakhs and Rs. 2,239 Lakhs for the quarter and nine months ended December 31, 2015 respectively and decreased by Rs. 546 Lakhs for the year ended March 31, 2016.

The Company, 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 company and corresponding effect has been given by crediting equity by Rs. 2435 Lakhs as at transition date. During the nine months ended December 31, 2015, the company had already reversed the provision for diminution in value of quoted investment of Rs. 2435 Lakhs in Previous GAAP financials. Since, this impact had already been given on transition date, profit under Ind AS has been decreased by Rs. 2435 Lakhs for nine months ended December 31, 2015 and year ended March 31, 2016.

ii) Share based payments:

Company's stock option cost applicable to employees of group companies, net of reimbursements, have been considered as capital contribution.

Further, under the Previous GAAP, the Company recognised compensation cost based on intrinsic value method. Ind AS 102 "Share-based Payment", requires compensation cost to be recognised at fair value as at grant date to be determined using an appropriate pricing model over the vesting period. Accordingly, stock compensation cost has been measured in accordance with Ind AS 102 and profit has been increased by Rs. 44 Lakhs for quarter ended December 31, 2015 and decreased by Rs. 595 Lakhs and Rs. 905 Lakhs for nine months ended December 31, 2015 and year ended March 31, 2016 respectively.

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

Under the Previous GAAP, the company 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 profit has increased by Rs. 72 Lakhs for the year ended March 31, 2016.

iv) Other Comprehensive income:

Under the Previous GAAP, the company was not required to present other comprehensive income (OCI) separately. As per Ind AS, actuarial gain/loss on defined benefit liability and effective portion of cash flow hedges has been shown separately and routed through OCI.

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 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. 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.

13. Management response to Emphasis of Matter:

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

Date : January 30, 2017

Place : Mumbai

C. P. Gurnani
Managing Director & CEO

