

**Revenue for the quarter at Rs. 54,879 Mn, up 7% over previous quarter
Profit after tax for the quarter at Rs. 7,196 Mn, up 14% over previous quarter**

Tech Mahindra Limited
Registered Office : Gateway Building, Apollo Bunder, Mumbai 400 001. Website : techmahindra.com, Email : investor.relations@techmahindra.com, CIN : L54200MH1989P COO14370
Consolidated Audited Financial Results for the Quarter and half year ended September 30, 2014



PART I

Particulars	Quarter ended		Half year ended		Rs. in Lakhs	
	September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
1 Income from Operations	548,790	512,150	477,149	1,060,940	887,472	1,983,138
2 Expenses						
a) Employee benefits expense	288,008	273,232	243,738	561,240	464,271	973,550
b) Travelling Expenses	19,998	25,566	19,433	45,594	37,522	79,807
c) Services rendered by Business Associates & Others	69,643	58,860	37,002	128,503	88,778	171,142
d) Depreciation and amortisation expense	14,247	14,921	12,219	29,168	23,962	52,218
e) Other expenses	61,408	61,651	65,089	123,059	119,344	240,285
Total Expenses	453,304	434,230	378,259	887,534	713,877	1,516,982
3 Profit from operations before other income and finance costs (1-2)	95,486	77,920	98,890	173,406	173,595	366,156
4 Other Income						
Miscellaneous income	10,341	7,740	6,414	18,081	13,765	31,378
Exchange (loss) (net)	(4,585)	1,187	(2,906)	(3,988)	10,773	(20,074)
Total	5,756	8,927	3,808	14,683	24,538	11,304
5 Profit before finance costs (3+4)	101,242	86,847	102,698	188,089	198,133	377,460
6 Finance costs						
Interest Cost on Borrowing	410	412	2,348	822	3,660	7,013
Current/ Translation Loss / (Gain) on Foreign Currency Loan	410	412	2,415	822	4,645	9,716
Total	820	824	4,763	1,644	8,305	16,729
7 Profit after finance costs but before exceptional item and tax (5-6)	100,832	86,435	100,283	187,267	193,488	369,472
8 Exceptional item - Income						
9 Profit before tax (7+8)	100,832	86,435	100,283	187,267	193,488	369,472
10 Tax expense						
a) Current Tax & Deferred Tax	28,066	23,078	28,401	51,144	51,679	97,894
b) Earlier years excess provision written back (refer note 3.4)	-	-	-	-	-	(22,650)
11 Profit after tax but before minority interest (9-10)	72,766	63,357	71,882	136,123	141,809	306,238
12 Minority Interest	(802)	(285)	(39)	(1,087)	(1,335)	(3,357)
13 Net Profit for the period (11+12)	71,964	63,072	71,843	135,036	140,474	302,881
14 Paid-up Equity Share Capital (Face Value of Share Rs. 10)	23,545	23,439	23,239	23,545	23,239	23,347
15 Loan Funds - Listed Debentures	-	-	30,000	-	30,000	30,000
16 Reserves excluding (revaluation) reserve	-	-	-	-	-	918,070
17 Debenture Redemption Reserve	-	-	-	-	-	29,721
18 Earnings Per Equity Share (Rs) (Before exceptional item) (not annualised)	30.71	26.98	30.96	57.63	60.53	125.09
- Basic	30.71	26.15	30.27	55.94	59.18	121.76
- Diluted	29.81	26.86	30.96	57.63	60.53	125.09
19 Earnings Per Equity Share (Rs) (After exceptional item) (not annualised)	30.71	26.98	30.96	57.63	60.53	125.09
- Basic	30.71	26.15	30.27	55.94	59.18	121.76
- Diluted	29.81	26.86	30.96	57.63	60.53	125.09
20 Ratios						
- Debt Equity Ratio	-	-	-	-	-	0.04
- Debt Service Coverage Ratio (DSCR)	-	-	-	-	-	1.01
- Interest Service Coverage Ratio (ISCR)	-	-	-	-	-	2.08
Note: Suggested definition for Coverage Ratios:						
DSCR = Earnings before Interest and Tax / Interest Expense						
ISCR = Earnings before Interest and Tax / (Interest + Principal Repayment)						
Note: A company's financial results should be read in conjunction with the financial results						

As per the assessment of the Management, based on the forensic investigation and the information available up to this stage, 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 agencies and erstwhile Satyam had not received any further information as a result of the various ongoing investigations against erstwhile Satyam which required adjustments to the financial statements.

Further, in the opinion of the management, no new claims have been made when the Andhra Pradesh High Court considered and approved the merger which need any further evaluation/adjudication/disclosure in the books, and all existing claims have been appropriately dealt with/recovered/disclosed in the books based on their current status.

Considering the above, notwithstanding the pendency of the various investigations/proceedings, the Management is of the view that the above investigation/proceedings would not result in any additional material provisions/write-offs/adjustments (other than those already provided for, written-off or disclosed) in the financial statements of the Company.

3.2 Forensic investigation and nature of financial irregularities
Consequent to the aforesaid letter, the Government nominated Board of Directors of erstwhile Satyam appointed an independent counsel ("Counsel") to conduct an investigation of the financial irregularities. The Counsel appointed forensic accountants to assist in the investigation (referred to as "forensic investigation") and preparation of the financial statements of erstwhile Satyam.

The forensic investigation conducted by the forensic accountants investigated accounting records to identify the extent of financial irregularities and mainly focused on the period from April 1, 2002 to September 30, 2008, being the last date up to which erstwhile Satyam published its financial results prior to the date of the letter. In certain instances, the forensic accountants conducted investigation procedures outside this period.

The forensic investigation had originally indicated possible discrepancy aggregating USD 41 Million from the proceeds of the American Depository Shares (ADS) relating to erstwhile Satyam. The amount was revised to USD 19 Million based on the further details of utilisation of ADS proceeds obtained by erstwhile Satyam.

The overall impact of the fictitious entries and unrecorded transactions arising out of the forensic investigation, to the extent determined was accounted in the financial statements for the financial year ended March 31, 2009 of erstwhile Satyam.

Under "Unexplained difference suspense (net)" comprising of fictitious assets, unrecorded loans or where complete information is not available. On grounds of prudence, these amounts had been provided for by erstwhile Satyam in the financial year ended March 31, 2009 and since there is no further information available with the Management even after the lapse of more than four years, the said amount has been completely written off in the books of account of the Company during the year ended March 31, 2014.

The forensic investigation was unable to identify the nature of certain alleged transactions aggregating Rs. 123040 lakhs (net receipt) against which erstwhile Satyam had received legal notices from 37 companies claiming repayment of this amount which was allegedly given as temporary advances. Refer Note 3.3 below.

3.3 Alleged Advances
Consequent to the letter of the erstwhile Chairman on January 8, 2009, the erstwhile Satyam received letters from thirty seven companies requesting confirmation by way of acknowledgement for receipt of certain alleged amounts referred to as "alleged advances". These letters were followed by legal notices from these companies dated August 4/5, 2009, claiming repayment of Rs. 123040 Lakhs allegedly given as temporary advances. The legal notices also claim damages/compensation @ 18% per annum from date of issue of the acknowledgement. The erstwhile Satyam has not acknowledged any liability to any of the thirty seven companies and has replied to the legal notices stating that the claims are legally untenable.

The 37 companies had filed petitions / suits for recovery against the erstwhile Satyam before the 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 petitioner writer court fees have been paid and the paper petition converted into a suit which is pending disposal and petitions filed by remaining 36 companies are before the Court at various stages of rejection of papers/petition trial of praesens/petition inquiry in condone delay applications.

The Court, at various stages of rejection of papers/petition trial of praesens/petition inquiry in condone delay applications. The Court has obtained an interim stay order from the Honorable High Court of Andhra Pradesh, which was confirmed by the Court and the Company has filed an appeal before the Division Bench of High Court of Andhra Pradesh which is pending hearing.

They had pleaded inter-alia before the High Court (hearing the merger petition of the erstwhile Satyam with the Company) that the mandatory provisions governing the scheme under the Companies Act, 1956 have not been complied with in so far as convening a meeting of the creditors is concerned. They contended that without convening a meeting of the creditors and hearing their objections, the merger scheme could not be proceeded with.

To address these and other related objections, the High Court directed the Official Liquidator, with the assistance of a firm of Chartered Accountants ("the firm"), to scrutinise the books of the erstwhile Satyam and submit a report on the allegations aforesaid including the accounting system adopted by it with respect to the alleged advances. The firm, in their report, inter-alia, stated that the erstwhile Satyam under its new management, was justified in not treating these amounts as creditors and in classifying these alleged advances as "Amounts pending investigation suspense account (net)".

The High Court after considering the report of the firm and other contentions of the erstwhile Satyam, held inter-alia, in its order approving the merger of the erstwhile Satyam with the Company, that the continuation of the 37 companies that Satyam is retaining the money 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 in the circumstances of the debt is proved beyond doubt which is not so in this case.

erstwhile Satyam, the new management of the erstwhile Satyam is justified in not crediting the amounts received in their names and not showing them as creditors and further reflecting such amounts as Amounts pending investigation suspense account (net).

The Directorate of Enforcement (ED) is investigating the matter under the Prevention of Money Laundering Act, 2002 ("PMLA") and directed the erstwhile Satyam to furnish details with regard to the alleged advances and has also directed it not to return the alleged advances until further instructions from the ED. In furtherance to the investigation by the ED, the erstwhile Satyam was served with a provisional attachment order dated October 18, 2012 issued by the Joint Director, Directorate of Enforcement, Hyderabad under Section 5(1) of the PMLA ("the Order"), attaching certain fixed deposit accounts of the Company then aggregating to Rs. 82200 Lakhs for a period of 150 days. This attachment was initiated consequent to the charge sheets filed by the ED against the erstwhile promoters of erstwhile Satyam and others and investigation conducted by the ED under the PMLA. As stated in the Order, the investigations of the ED revealed that Rs. 82200 Lakhs constitutes "proceeds of crime" as defined in the PMLA. The erstwhile Satyam had challenged the Order in the Honorable High Court of Andhra Pradesh ("the Writ"). The Honorable High Court of Andhra Pradesh ("the High Court") has, pending further orders, granted stay of the said Order and all proceedings pursuant thereto vide its interim order dated December 11, 2012. The ED has challenged the interim order before the Division Bench of the Honorable High Court of Andhra Pradesh which is pending disposal. The ED has filed a petition before the Honorable High Court of Andhra Pradesh on June 3, 2013 to direct the banks with whom the aforementioned fixed deposits are held, not to allow the erstwhile Satyam to redeem/re-close the Fixed Deposits pending disposal of the Writ. The petition is pending hearing.

PART II: Selected Information for the Quarter and half year ended September 30, 2014

Particulars	Quarter ended		Half year ended		Year ended
	September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2013	
A PARTICULARS OF SHAREHOLDING					
1. Public Shareholding	150714549	149651436	147654059	150714549	148735908
- Number of shares	64.01%	63.85%	63.54%	64.01%	63.74%
- Percentage of promoter holding					
2. Promoters and promoter group Shareholding					
a) Pledged/unpledged					
- 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					
- 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. INVESTORS COMPLAINTS
 Pending at the beginning of the quarter
 Received during the quarter
 Remained unresolved at the end of the quarter
 3 months ended 30-September-2014
 0
 24
 0

Stand-Alone Information (Audited)

Particulars	Quarter ended		Half year ended		Year ended
	September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2013	
Income from Operations	480,380	451,241	415,624	931,601	1,629,514
Profit before tax	79,514	70,812	87,547	150,126	323,794
Profit after tax	58,947	52,701	63,894	111,648	238,547

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

Particulars	Quarter ended		Half year ended		Year ended
	September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2013	
Segment Revenue	502,340	488,147	433,717	970,487	1,701,380
a) IT	48,450	44,003	43,432	80,433	161,748
b) BPO	540,790	512,150	477,149	1,060,940	1,833,138
Less: Inter Segment Revenue	-	-	-	-	-
Net Sales / Income from operations	548,790	512,150	477,149	1,060,940	1,833,138
Segment Profit before tax, interest and depreciation	135,793	121,547	138,703	257,340	510,578
a) IT	15,749	14,386	13,963	30,135	59,843
b) BPO	151,542	135,933	152,666	287,475	570,421
Less: Finance costs	410	412	2,415	822	7,988
(i) Other un-allocable expenditure Net of un-allocable income	50,300	49,968	49,968	99,386	180,961
(ii) Profit before tax	100,832	68,435	100,283	187,287	381,472

Rs. in Lakhs

Separation of assets, liabilities, depreciation and other non-cash expenses into various primary segments has not been done as the assets are used interchangeably between segments. Accordingly no disclosure relating to Segmental assets and liabilities has been made.

Notes:

1. The quarterly and half yearly results have been reviewed by the Audit Committee and taken on records by the Board of Directors in its meeting held on 28th October 2014.

2. **Scheme of Amalgamation and Arrangement:**
 Pursuant to the Scheme of Amalgamation and Arrangement (the "Scheme") sanctioned by the Honorable High Court of Andhra Pradesh vide its order dated June 11, 2013 and the Honorable High Court of Judicature at Bombay vide its order dated September 28, 2012, Venturay, Consultants Private Limited ("Venturay"), Canaxam Technologies Limited ("Canaxam") and Mahindra Logsoft Business Solutions Limited ("Logsoft"), the wholly owned subsidiaries of the Company, and Satyam Computer Services Limited ("Satyam"), an associate of the Company (through Venturay) and CSS System Technologies Private Limited (CSS) a wholly owned subsidiary of erstwhile Satyam, merged with the Company with effect from April 1, 2011 (the "appointed date"). The Scheme came into effect on June 24, 2013, the day on which both the orders were delivered to the Registrar of the Companies, and pursuant thereto the entire business and all the assets and liabilities, duties and obligations of Satyam, Venturay, Canaxam, Logsoft and CSS have been transferred to and vested in the Company with effect from April 1, 2011.

3. In accordance with the Scheme, the investments held in the respective subsidiaries and associate have been cancelled and the Company on July 6, 2013 has issued 2 equity shares of Rs. 10 each fully paid up in respect of every 17 equity shares of Rs. 2 each in the equity share capital of Satyam, aggregating 103483996 equity shares. The Company has transferred out of its total holding in Satyam as on April 1, 2011, 2040 Lakhs equity shares to a Trust, to hold the shares and any additions or accretions thereto for the benefit of the Company. The balance shares held by the Company in Satyam have been cancelled. The Company has also cancelled the equity shares of the erstwhile companies i.e., Venturay, Logsoft, Canaxam and CSS which were wholly owned subsidiaries of the Company / Satyam, as applicable, no equity shares have been issued to effect the amalgamation in respect thereof.

The Company received summons dated February 26, 2014 from "Honorable XXI Additional Chief Metropolitan Magistrate, Hyderabad cum Special Sessions Court" in connection with Enforcement Directorate filing a complaint under the Prevention of Money Laundering Act, 2002 against the Company along with 212 Accused persons. The complaint, ED has alleged that the Company has been involved in the offence of money laundering by possessing the proceeds of crime and procuring them as untraced. The Company strongly believes that the said prosecution against the Company is legally untenable. The Company has challenged the above complaint before the Honorable High Court of Hyderabad and also sought for interim stay of all the proceedings before the above court which is pending.

In view of the aforesaid developments and also based on legal opinion, the erstwhile Satyam's management's view, which is also the Company's Management's view, that the claim regarding the repayment of alleged advances (including interest thereon) of the 37 companies are not legally tenable has been reinforced. Accordingly, in the opinion of the Company's Management, even in the unlikely event that the principal amount of the claims of the 37 companies are held to be tenable and the Company is required to repay these amounts, such an eventuality will not have an adverse bearing on either the Company's profits or its reserves in that period, since the Company has been legally advised that no damages/compensation/interest would be payable even in such an unlikely event.

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 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)", and the same would be appropriately dealt with/reclassified when the final outcome becomes clear.

3.4. **Provision for taxation**
 Erstwhile Satyam was carrying a total amount of Rs. 49892 Lakhs (net of taxes paid) as at March 31, 2013 (before giving effect to its amalgamation with the Company) towards provision for taxation, including for the prior years for which the assessments are under dispute.

Subsequent to the amalgamation, duly 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 amounting to Rs. 22680 Lakhs determined based on such evaluation in respect of the prior years 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 with respect to the prior year disputes relating to erstwhile Satyam is adequate.

4. **Exceptional item**
 The exceptional item (income) amounting to Rs. 12000 Lakhs represents write back during the previous year ended March 31, 2014 of the excess provision for contingencies provided in an earlier year by erstwhile Satyam, based on a re-evaluation of the same by the Management.

5. The Board of Directors of the Company in their meeting held on November 29, 2013 have approved the scheme of amalgamation and arrangement (the "Scheme") which provides for the amalgamation of Mahindra Engineering Services Limited (MESL), under sections 391 to 394 read with sections 78, 100 to 104 and other applicable provisions of the Companies Act, 1956. The Scheme also provides for the consequent reorganization of the securities premium of the Company. The Appointed date of the Scheme is April 1, 2013.

The Board of Directors of the Company have recommended to issue 5 fully paid up Equity Shares of Rs. 10 each of the Company for every 12 fully paid Equity Shares of Rs. 2 each of MESL.

The Company has received approval from Competition Commission of India (CCI) on January 7, 2014. Approvals from Bombay Stock Exchange and the National Stock Exchange are received on March 7, 2014.

In the Court Convened Meeting of the shareholders of the Company convened pursuant to the Order of the Honorable High Court of Judicature at Bombay, held on June 28th 2014, the shareholders have approved the Scheme in accordance with the provisions of Sections 391 and 394 read with Sections 78, 100 to 104 and other applicable provisions of the Companies Act, 1956.

The Company has filed the Petition for approval of the merger with the Honorable High Court of Judicature at Bombay on 18th July 2014, which is pending. The merger would be effective once the order is received from Honorable High Court of Bombay and filed with the Registrar of Companies (ROC).

6. During the quarter ended September 30, 2014, ven wammara summit (100% subsidiary of ven wammara summit (100% stake) in equity or ven wammara Business Services GmbH (entire known as BAFS Business Services holding GmbH) w.e.f. July 29, 2014 for Euro 8,180,298 (equivalent Rs. 6500 Lakhs).

7. Current tax expense for the quarter and half year ended September 30, 2014 is net of excess provision of Rs. 1655 Lakhs and Rs. 1700 Lakhs respectively (quarter and half year ended 30th September 2013 Rs. 2054 Lakhs) of previous periods written back, no longer required.

8. Current tax for the previous year ended March 31, 2014 includes provision of Rs. 2398 Lakhs of earlier years written back, no longer required as the company has received the refund on finalisation of assessment.

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

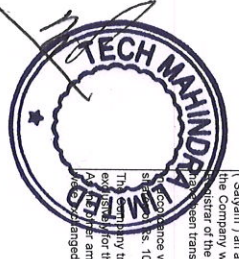
10. The standalone financial results have been made available to the Stock Exchanges where the company's securities are listed and are posted on the company's website www.techmahindra.com.

11. The qualification in the Auditors' Report for the quarter and half year ended September 30, 2014 and Management's response thereon.

The Auditor has qualified their report on the following ground:
 "With respect to the matters described in Note 3.3 above, in the absence of complete / required information, and since the matter is sub-judice, their inability to comment on the accounting treatment/differences/claims 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 upto Rs. 123040 Lakhs, against the aforesaid claims for the principal amounts of the alleged advances, there will be no impact on the profit/losses or reserves of the Company."
 With regard to the auditor's qualification in note above, refer to the details in note 3.3.

Statement of Assets and Liabilities (Consolidated - Audited)

Particulars	Rs. in Lakhs	
	As at 30th September 2014	As at 31st March 2014
A. EQUITY AND LIABILITIES		
1. Shareholders' Funds	23,545	23,347
(a) Share Capital	1,064,289	884,689
(b) Reserves and Surplus	86	149
2. Share application money pending allotment	15,370	14,382
3. Minority Interest		
4. Non Current Liabilities		
(a) Long-Term Borrowings	1,449	1,904
(b) Other Long-Term Liabilities	25,098	37,574
(c) Long-Term Provisions	39,944	41,380
5. Current Liabilities	3,815	3,341
(a) Short-Term Borrowings	171,650	147,223
(b) Trade Payables	128,514	180,241
(c) Other Current Liabilities	97,144	126,685
(d) Short-Term Provisions	123,040	123,040
6. Amount Pending Investigation Suspense		
TOTAL - EQUITY AND LIABILITIES	1,593,944	1,593,955



These amalgamations with the Company are non-cash transactions.

Pursuant to the Scheme, the title deeds for the immovable properties pertaining to the amalgamating companies are pending conveyance in the name of the Company. Further, the Company has initiated the name change formalities to transfer the title in respect of the other properties, contracts etc.

2.1 Appeals against the order sanctioning the Scheme

A petition against the order by the single judge of the Honorable High Court of Andhra Pradesh approving the Scheme of merger have been filed by 37 companies before the Honorable High Court of Andhra Pradesh. No interim orders have been passed and the appeals are pending hearing. One of the said company has also appealed against the order of the single judge rejecting the petition for winding up of erstwhile Satyam. The matter has been combined with the above appeal for hearing.

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

3.1 Investigation by authorities in India
 In the letter of January 7, 2009 (the "letter") of Mr. B. Ramalinga Raju, the then Chairman of erstwhile Satyam, admitted that the Balance Sheet of erstwhile Satyam as at September 30, 2008 carried an inflated cash and bank balances, non-existent accrued interest, an under-stated liability and an overstated debtors position. Consequently, various regulators/ investigating agencies such as the Central Bureau of Investigation (CBI), Serious Fraud Investigation Office (SFIO) / Registrar of Companies (ROC), Directorate of Enforcement (ED), etc. had initiated their investigation on various matters which are yet to be finalized. On May 22, 2013, the ED has issued a show-cause notice to erstwhile Satyam for contravention of the Foreign Exchange Management Act, 1999 (FEMA) for alleged non-restoration of ADS proceeds approx USD 39.2 Million. The Company has responded to the show cause notices calling for information from certain subsidiaries which have been responded in the process of being responded to. In furtherance to the investigation of erstwhile Satyam, certain Regulatory Agencies in India sought assistance from Overseas Regulators and accordingly, sought information from certain overseas subsidiaries.

B. ASSETS	
1. Non-Current Assets	
(a) Fixed Assets	249,483
(b) Non-Current Investments	121,935
(c) Deferred Tax Asset	40,417
(d) Long-Term Loans and Advances	92,564
(e) Other Non-Current Assets	1,153
(f) Goodwill on Consolidation	60,242
2. Current Assets	
(a) Current Investments	67,305
(b) Inventory	510
(c) Trade Receivables	443,645
(d) Cash and Bank Balances	274,899
(e) Short-term Loans and Advances	170,292
(f) Other Current Assets	171,489
TOTAL - ASSETS	1,893,944
	1,893,955

Date : 29th October 2014
 Place : Mumbai

Vineet Nayar
 Executive Vice Chairman



INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF TECH MAHINDRA LIMITED

1. We have audited the accompanying Statement of Consolidated Financial Results of **TECH MAHINDRA LIMITED** ("the Company"), its subsidiaries and jointly controlled entity (the Company, its subsidiaries and jointly controlled entity constitute "the Group") for the Quarter and Half Year ended 30th September, 2014 ("the Statement"), being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 8 below. This Statement has been prepared on the basis of the related interim consolidated financial statements, which is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to express an opinion on the Statement, based on our audit of the related interim consolidated financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS-25) on Interim Financial Reporting specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India.
2. We conducted our audit of the Statement in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the Statement. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our qualified audit opinion.
3. Attention is invited to the following matter in respect of the erstwhile Satyam Computer Services Limited (erstwhile Satyam), amalgamated with the Company with effect from 1st April, 2011:

As stated in Note 3.3, the alleged advances to the erstwhile Satyam, amounting to Rs. 123040 Lakhs (net) relating to prior years has been presented separately under "Amounts pending investigation suspense account (net)" in the Balance Sheet. The details of these claims and the related developments are more fully described in the said Note.

Further, as stated in the said Note, the Company's Management is of the view that the claim regarding repayment of the alleged advances not being legally tenable has been reinforced in view of the developments described in the said Note including based on legal opinion. However, pending the final outcome of the recovery suit filed by the 37 companies in the City Civil Court and the Enforcement Directorate matter under the Prevention of Money Laundering Act pending before the Honourable High Court, the

Deloitte

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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)", and the same would be appropriately dealt with/reclassified when the final outcome becomes clearer. Also, in the opinion of the Company's Management, even if the principal amounts of such claims are held to be tenable and the Company is required to repay these amounts, such an eventuality should not have an adverse bearing on either the Company's profits or its reserves in that period, since the Company has been legally advised that no damages/ compensation/ interest would be payable even in such an unlikely event.

In the absence of complete/required information, and since the matter is *sub-judice*, we are unable 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 statements. However, in the eventuality of any payment upto Rs. 123040 lakhs, against the aforesaid claims for the principal amounts of the alleged advances, there should be no impact on the profits/losses or reserves of the Company.

4. We did not audit the interim financial statements /information / results of 25 subsidiaries (including step-down subsidiaries) included in the consolidated financial results, whose interim financial statements /information / results reflect total assets of Rs. 130251 lakhs as at 30th September 2014, total revenues of Rs. 41080 lakhs and Rs. 80193 lakhs for the Quarter and Half Year ended 30th September 2014 respectively, and total profit after tax (net) of Rs. 8216 lakhs and Rs. 15523 lakhs for the Quarter and Half year ended 30th September 2014, respectively, as considered in the consolidated financial results. These interim financial statements /information / results have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.
5. The consolidated financial results includes the unaudited interim financial statements/information/results of 13 subsidiaries (including step-down subsidiaries) and 1 jointly controlled entity whose interim financial statements/ information/ results reflect total assets of Rs. 30133 lakhs as at 30th September 2014, total revenues of Rs. 4873 lakhs and Rs. 7839 lakhs for the Quarter and Half year ended respectively, and total profit after tax (net) of Rs. 11 lakhs and Rs. 763 lakhs for the Quarter and Half Year ended 30th September 2014, respectively, as considered in the consolidated financial results. Our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entity, is based solely on such unaudited interim financial statements/information/results.
6. In our opinion and to the best of our information and according to the explanations given to us, **except for the matter described in the paragraph 3 above, the consequential effects, if any, of which are not quantifiable**, and based on the consideration of the reports of the other auditors referred to in paragraph 4 above, unaudited financial



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statements of subsidiaries and jointly controlled entity referred to in paragraph 5 above, the Statement:

a. includes the results of the following entities:

Subsidiaries:

- Tech Mahindra (Americas) Inc.
- Tech Talenta Inc.
- Tech Mahindra IPR Inc.
- Tech Mahindra GmbH
- Tech Mahindra IT-Services GmbH
- Tech Mahindra Business Services GmbH (formerly known as BASF Business Services holding GmbH)
- Tech Mahindra (Singapore) Pte. Limited
- Tech Mahindra (Thailand) Limited
- PT Tech Mahindra Indonesia
- Tech Mahindra (Malaysia) Sdn. Bhd.
- Tech Mahindra (Beijing) IT Services Limited
- Tech Mahindra (Bahrain) Ltd (S.P.C)
- Tech Mahindra (Nigeria) Limited
- Tech Mahindra Business Services Limited
- Comviva Technologies Limited
- Comviva Technologies Inc.
- Comviva Technologies Nigeria Limited
- Comviva Technologies Singapore Pte. Ltd.
- Comviva Technologies FZ-LLC
- Tech Mahindra South Africa (Pty) Limited
- Tech Mahindra Technologies Inc.
- Tech Mahindra BPO Limited
- Tech Mahindra (Shanghai) Co. Limited (formerly known as Satyam Computer Services (Shanghai) Co. Limited)
- Tech Mahindra (Nanjing) Co. Limited (formerly known as Satyam Computer Services (Nanjing) Co. Limited)
- Satyam Computer Services (Egypt) S.A.E
- Citisoft Plc.
- Citisoft Inc.
- Satyam Computer Services Belgium, BVBA
- Tech Mahindra Servicios De Informatica LTDA
- Complex IT Solution Consultoria EM Informatica S.A
- Mahindra Satyam Servicios DE Informatica S.R.L.
- Satyam Colombia Servicios DE Informatica SAS
- Mahindra Satyam Servicios DE Informatica Sociedad Anonima Cerrada
- vCustomer Services LLC
- New vC Services Private Limited



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- Tech Mahindra ICT Services (Malaysia) SDN. BHD
- vCustomer Philippines, Inc.
- vCustomer Philippines (Cebu), Inc
- Satyam Computer Services De Mexico S.DE R.L.DE C.V
- Satyam Venture Engineering Services Private Limited
- Satyam Venture Engineering Services (Shanghai) Co. Ltd
- FixStream Networks Inc.
- Quexa Systems Private Limited
- TechM Canada Inc.

Jointly Controlled Entity (Joint Venture):

- Global ICT Investment Holdings Pte. Limited.
- b. is presented in accordance with the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges; and
- c. gives a true and fair view in conformity with the accounting principles generally accepted in India of the net profit and other financial information of the Group for the Quarter and Half year ended 30th September 2014.

7. We draw attention to the following matters:

- (a) Notes 3.1 and 3.2 - In respect of the financial irregularities in the erstwhile Satyam relating to prior years identified consequent to the letter dated 7th January, 2009 of the then Chairman of erstwhile Satyam, various regulators/investigating agencies initiated their investigations and legal proceedings, which are ongoing.

The Company's Management is of the view that the above investigations/proceedings would not result in any additional material provisions/write-offs/adjustments (other than those already provided for/written-off or disclosed) in the financial statements of the Company.

- (b) In respect of the non-compliances/breaches in the erstwhile Satyam relating to certain provisions of the Companies Act, 1956, certain employee stock option guidelines issued by the Securities Exchange Board of India and certain matters under the provisions of FEMA, observed in the prior years under its erstwhile management (prior to the appointment of Government nominated Board).

As per the Company's Management, any adjustments, if required, in the financial statements of the Company would be made as and when the outcomes of the above matters are concluded.



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- (c) Note 2.1 - Appeals against the order by the single judge of the Honourable High Court of Andhra Pradesh approving the Scheme of merger have been filed by 37 companies before the Division Bench of the Honorable High Court of Andhra Pradesh. No interim orders have been passed and the appeals are pending hearing.
- (d) As stated in Note 3.4, erstwhile Satyam was carrying a total amount of Rs. 49892 lakhs (net of taxes paid) as at 31st March, 2013 (that is, before giving effect to its amalgamation with the Company) towards provision for taxation, including for the prior years for which the assessments are under dispute. Subsequent to the amalgamation, duly considering the professional advice obtained in the matter, the Company's 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 amounting to Rs. 22660 lakhs determined based on such evaluation in respect of the prior years has been written back during the year ended 31st March, 2014. The Company's Management is of the view that the balance provision for taxation carried in the books with respect to the prior year disputes relating to erstwhile Satyam is adequate.
- (e) In the case of one of the subsidiaries of the Company whose interim financial statements /information / results reflect total revenues of Rs. 7039 lakhs and profit after tax (net) of Rs. 554 lakhs for the Half year ended 30th September 2014 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 31st March 2012 and 31st March, 2013 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 year ended 31st March 2014 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.

Our opinion is not qualified in respect of these matters.



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8. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged / encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding, in terms of Clause 35 of Listing Agreements with the Stock Exchanges and the particulars relating to the investor complaints disclosed in Part II - Select Information for the Quarter and Half Year ended 30th September, 2014 of the Statement, from the details furnished by the Management.

**For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)**

**Place: Mumbai
Date: October 29, 2014**


**Hemant M. Joshi
Partner
(Membership No. 38019)**