

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

1. We have audited the accompanying Statement of Standalone Financial Results of **Tech Mahindra Limited** ("the Company") 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 6 below. This Statement has been prepared on the basis of the related interim 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 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.

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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 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. 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, the Statement:**
 - (i) is presented in accordance with the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges; and
 - (ii) 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 Company for the Quarter and Half Year ended 30th September, 2014.



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5. 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.

- (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.

Our opinion is not qualified in respect of these matters.



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6. 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)