

Tech Mahindra Limited

Infocity, Hitech City Layout
Madhapur, Hyderabad 500081, India

Tel: +91 40 3063 6363

Fax: +91 40 2311 7011

investorrelations@techmahindra.com
techmahindra.com

Registered Office:

Gateway Building, Apollo Bunder
Mumbai 400 001, India

CIN : L64200MH1986PLC041370

Date: 14th October, 2016

To

The Manager
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001

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 – 51

FAX NO. : 022 2272 2037/39/41/61
Scrip Code : 532755

FAX NO. : 022 26598237/38
NSE Symbol : TECHM

Dear Sir

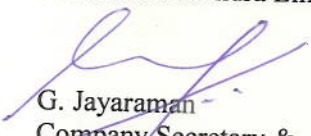
Sub: Disclosure of the Impact of Audit Qualification.

Ref.: Regulation 33/52 of SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015.

Pursuant to SEBI Circular CIR/CFD/CMD/56/2016 dated May 27, 2016, on "Disclosure of the Impact of Audit Qualifications by the Listed Entities" and circulars issued thereafter by NSE (NSE/CML/2016/09) and BSE (DCS/COMP/04/2016-17 dated June 1, 2016 respectively, we submit herewith the statement of impact of audit qualification on the audited consolidated financial statements and audited standalone financial statements of the Company for the year ended March 31, 2015.

Thanking you

Yours faithfully
For Tech Mahindra Limited


G. Jayaraman
Company Secretary &
Chief Compliance Officer

Encl.: As above.

Tech Mahindra Limited

**Statement on Impact of Audit Qualification submitted along with Annual Audited Financial Results
(Consolidated)**

**Statement on Impact of Audit Qualification for the Financial Year ended March 31, 2015
(See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016**

I.	Sl no.	Particulars	Audited Figures (as reported before adjusting for qualification) Rs. In Million	Adjusted figures (audited figures after adjusting for qualification) Rs. In Million
	1.	Turnover/Total Income (including other income)	227,278	227,278
	2.	Total Expenditure (including Tax expense, Minority and share in associates)	201,001	201,001
	3.	Net Profit	26,277	26,277
	4.	Earnings Per Share Basic Diluted	27.46 26.74	27.46 26.74
	5.	Total Assets	198,481	198,481
	6.	Total Liabilities	63,691	63,691
	7.	Net Worth	122,486	122,486
	8.	Amount Pending Investigation Suspense Account (Net)	12,304	12,304
II.	Audit Qualification			
A	Details of Audit Qualification	As stated in Note 33.3, the alleged advances to the erstwhile Satyam Computer Services Limited (Satyam), amounting to Rs. 12,304 Million (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 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, the auditors of Tech Mahindra Limited are unable to comment on the accounting treatment/ adjustments/disclosures relating to the aforesaid alleged advances amounting to Rs. 12,304 Million (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. 12,304 Million, 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.
B	Type of Audit observation	Qualified Opinion
C	Frequency of observation	Since last 5 years i.e. FY 2010-11
D	For Audit Qualification where the impact is quantified by the auditor, Management's Views:	Not applicable as the impact is not quantifiable by the auditor
E	For Audit Qualification where the impact is not quantified by the auditor:	
(i)	Management's estimation on the impact of audit qualification:	Management is unable to estimate the impact
(ii)	If management is unable to estimate the impact, reasons for the same:	Consequent to the letter of the erstwhile Chairman, on January 8, 2009, 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. 12,304 Million allegedly given as temporary advances. The legal notices also claim damages/ compensation @18% per annum from date of advance till date of repayment. 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 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 and the pauper 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 pauperism/ trial of pauperism/ inquiry in condone delay applications. The remaining petitions are at a preliminary stage before the Court, for considering condonation of delay in re-submission of pauper petitions. In one



petition, the delay had been condoned by the Court and the Company has obtained an interim stay order from the Honourable High Court of Andhra Pradesh. The Hon'ble High Court after hearing the parties has remanded the matter to the lower directing to consider the application afresh.

The erstwhile Satyam had received legal notices from nearly all of the above companies, calling for payment of the amounts allegedly advanced by them (including interest and damages), failing which they would be constrained to file a petition for winding up the affairs of Satyam. In pursuance thereof, one of the aforesaid companies filed a winding up petition that was dismissed by the High Court. Against the said order of dismissal, the aforementioned company has filed an appeal before the Division Bench of High Court of Andhra Pradesh which is pending hearing.

Furthermore, even in connection with the merger proceedings, the erstwhile Satyam had received letters from the aforesaid companies claiming themselves to be "creditors". 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.

The High Court based on the report of an independent firm of Chartered Accountants appointed by the Court and the contentions of the erstwhile Satyam, held inter-alia, in its order approving the merger of the erstwhile Satyam with the Company, that the contention of the 37 companies that Satyam is retaining the money 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 High Court in its order, further held that in the absence of Board resolutions and documents evidencing acceptance of unsecured loans 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 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"), provisionally attaching certain Fixed Deposit accounts of the Company then aggregating to Rs. 8,220 Million for a period of 150 days. As stated in the Order, the investigations of the ED revealed that Rs. 8,220 Million constitutes



		"proceeds of crime" as defined in the PMLA. The erstwhile Satyam had challenged the Order in the Honourable High Court of Andhra Pradesh ("the Writ"). The Honourable 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 had challenged the interim order before the Division Bench of the Honourable High Court of Andhra Pradesh. By an order dated December 31, 2014, the Hon'ble High court has dismissed the Appeal filed by ED and continued the stay granted. The criminal case has been commenced before the "Honourable XXI Additional Chief Metropolitan Magistrate, Hyderabad cum Special Sessions Court" by the Enforcement Directorate under the Prevention of Money Laundering Act, 2002 against erstwhile Satyam, since merged with the Company, along with 212 Accused persons. In the complaint, ED has alleged that the Company has been involved in the offence of money laundering by possessing the proceeds of crime and projecting them as untainted. The Company had challenged the above complaint before the Honourable High Court of Judicature at Hyderabad and the Honourable High court has quashed the criminal complaint against the Company vide its order dated December 22, 2014. On appeal, the Divisional Bench of the High Court, however passed an interim order allowing the hearing for framing 'Charges'. On Special Leave Petition before the Honourable Supreme Court of India, the Hon'ble Supreme Court directed the Hon'ble High Court of Telangana and Andhra Pradesh to dispose of the writ appeal within a period of 4 months and further directed the trial court to defer the trial till the Hon'ble High Court of Telangana and Andhra Pradesh disposes of the writ appeal. 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. 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 accordingly dealt with/reclassified as and when appropriate.
(iii)	Auditors' Comments on (ii) above	Over and above comments mentioned in Para II(A) above, there are no further comments.
III.	Signatories:	



- Mr. C .P. Gurnani
Managing Director and Chief Executive Officer



- Mr. Milind Kulkarni
Chief Financial Officer



- Mr. T. N. Manoharan
Audit Committee Chairman



Place: Mumbai
Date: August 31, 2016

- Auditor of the company

Refer our Audit Report dated May 26, 2015 on the Standalone financial statements of the Company

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Place: Mumbai
Date: August 31, 2016

A B Jani
Partner
(Membership No. 46488)

Tech Mahindra Limited				
Statement on Impact of Audit Qualification submitted along with Annual Audited Financial Results (Standalone)				
Statement on Impact of Audit Qualification for the Financial Year ended March 31, 2015 (See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016				
I.	Sl no.	Particulars	Audited Figures (as reported before adjusting for qualification) Rs. In Million	Adjusted figures (audited figures after adjusting for qualification) Rs. In Million
	1.	Turnover/Total Income (including other income and income of exceptional nature)	193,485	193,485
	2.	Total Expenditure (including Tax expense)	170,923	170,923
	3.	Net Profit	22,562	22,562
	4.	Earnings Per Share		
		Before exceptional item		
		Basic	22.94	22.94
		Diluted	22.33	22.33
		After exceptional item		
		Basic	23.58	23.58
		Diluted	22.96	22.96
	5.	Total Assets	170,165	170,165
	6.	Total Liabilities	45,303	45,303
	7.	Net Worth	112,558	112,558
	8.	Amount Pending Investigation Suspense Account (Net)	12,304	12,304
II.	Audit Qualification			
A	Details of Audit Qualification	As stated in Note 26.3, the alleged advances to the erstwhile Satyam Computer Services Limited (Satyam), amounting to Rs. 12,304 Million (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 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, the auditors of Tech Mahindra Limited are unable to comment on the accounting treatment/ adjustments/disclosures relating to the aforesaid alleged advances amounting to Rs. 12,304 Million (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. 12,304 Million, 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.
B	Type of Audit observation	Qualified Opinion
C	Frequency of observation	2 nd year, as effect of merger of erstwhile Satyam Computer Services Limited (Satyam) with the Company is w.e.f. June 24, 2013.
D	For Audit Qualification where the impact is quantified by the auditor, Management's Views:	Not applicable as the impact is not quantifiable by the auditor
E	For Audit Qualification where the impact is not quantified by the auditor:	
(i)	Management's estimation on the impact of audit qualification:	Management is unable to estimate the impact
(ii)	If management is unable to estimate the impact, reasons for the same:	Consequent to the letter of the erstwhile Chairman, on January 8, 2009, 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. 12,304 Million allegedly given as temporary advances. The legal notices also claim damages/ compensation @18% per annum from date of advance till date of repayment. 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 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 and the pauper 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 pauperism/ trial



of pauperism/ inquiry in condone delay applications.

The remaining petitions are at a preliminary stage before the Court, for considering condonation of delay in re-submission of pauper petitions. In one petition, the delay had been condoned by the Court and the Company has obtained an interim stay order from the Honourable High Court of Andhra Pradesh. The Hon'ble High Court after hearing the parties has remanded the matter to the lower directing to consider the application afresh.

The erstwhile Satyam had received legal notices from nearly all of the above companies, calling for payment of the amounts allegedly advanced by them (including interest and damages), failing which they would be constrained to file a petition for winding up the affairs of Satyam. In pursuance thereof, one of the aforesaid companies filed a winding up petition that was dismissed by the High Court. Against the said order of dismissal, the aforementioned company has filed an appeal before the Division Bench of High Court of Andhra Pradesh which is pending hearing.

Furthermore, even in connection with the merger proceedings, the erstwhile Satyam had received letters from the aforesaid companies claiming themselves to be "creditors". 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.

The High Court based on the report of an independent firm of Chartered Accountants appointed by the Court and the contentions of the erstwhile Satyam, held inter-alia, in its order approving the merger of the erstwhile Satyam with the Company, that the contention of the 37 companies that Satyam is retaining the money 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 High Court in its order, further held that in the absence of Board resolutions and documents evidencing acceptance of unsecured loans 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 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"), provisionally attaching certain Fixed Deposit accounts of the Company then aggregating to Rs. 8,220 Million for a period of 150 days. As stated in the Order, the investigations of the ED revealed that Rs. 8,220 Million constitutes "proceeds of crime" as defined in the PMLA. The erstwhile Satyam had challenged the Order in the Honourable High Court of Andhra Pradesh ("the Writ"). The Honourable 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 had challenged the interim order before the Division Bench of the Honourable High Court of Andhra Pradesh. By an order dated December 31, 2014, the Hon'ble High court has dismissed the Appeal filed by ED and continued the stay granted.

The criminal case has been commenced before the "Honourable XXI Additional Chief Metropolitan Magistrate, Hyderabad cum Special Sessions Court" by the Enforcement Directorate under the Prevention of Money Laundering Act, 2002 against erstwhile Satyam, since merged with the Company, along with 212 Accused persons. In the complaint, ED has alleged that the Company has been involved in the offence of money laundering by possessing the proceeds of crime and projecting them as untainted. The Company had challenged the above complaint before the Honourable High Court of Judicature at Hyderabad and the Honourable High court has quashed the criminal complaint against the Company vide its order dated December 22, 2014. On appeal, the Divisional Bench of the High Court, however passed an interim order allowing the hearing for framing 'Charges'. On Special Leave Petition before the Honourable Supreme Court of India, the Hon'ble Supreme Court directed the Hon'ble High Court of Telangana and Andhra Pradesh to dispose of the writ appeal within a period of 4 months and further directed the trial court to defer the trial till the Hon'ble High Court of Telangana and Andhra Pradesh disposes of the writ appeal.

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.

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 accordingly dealt with/reclassified as and when appropriate.



(iii)	Auditors' Comments on (ii) above	Over and above comments mentioned in Para II(A) above, there are no further comments.
III.	Signatories:	
		• Mr. C.P. Gurnani Managing Director and Chief Executive Officer • Mr. Milind Kulkarni Chief Financial Officer • Mr. T. N. Manoharan Audit Committee Chairman Place: Mumbai Date: August 31, 2016 • Auditor of the company Refer our Audit Report dated May 26, 2015 on the Standalone financial statements of the Company For Deloitte Haskins & Sells LLP Chartered Accountants (Firm's Registration No. 117366W/W-100018) A B Jani Partner (Membership No. 46488)