

Revenues for the quarter at Rs. 94,902 Mn, up 6.7% over previous year

Tech Mahindra Limited

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Consolidated Audited Financial Results for the quarter and year ended March 31, 2020

Rs.in Million

	Particulars	Quarter ended			Year ended	
		March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
1	Revenue from Operations	94,902	96,546	88,923	368,677	347,421
2	Other Income	2,852	3,496	1,671	11,924	5,342
3	Total Income (1 + 2)	97,754	100,042	90,594	380,601	352,763
4	EXPENSES					
	Employee Benefits Expense	48,129	47,905	43,071	188,100	175,079
	Subcontracting Expenses	12,758	15,766	11,739	54,408	43,497
	Finance Costs	532	550	281	1,919	1,332
	Depreciation and Amortisation Expense	3,982	3,848	2,704	14,458	11,292
	Other Expenses	20,537	17,242	17,726	68,908	65,476
	Impairment of Goodwill and non current assets (Refer Note 11)	2,175	-	-	2,175	-
	Total Expenses	88,113	85,311	75,521	329,968	296,676
5	Profit before share in profit/(loss) of associates and tax (3-4)	9,641	14,731	15,073	50,633	56,087
6	Share of Profit / (Loss) of Associates	15	5	(272)	(55)	(655)
7	Profit before Tax (5 + 6)	9,656	14,736	14,801	50,578	55,432
8	Tax Expense					
	Current Tax	2,943	3,737	4,270	12,378	13,786
	Deferred Tax	(551)	(108)	(735)	(774)	(1,242)
	Total Tax Expense	2,392	3,629	3,535	11,604	12,544
9	Profit after tax (7 - 8)	7,264	11,107	11,266	38,974	42,888
	Profit for the period attributable to:					
	Owners of the Company	8,039	11,459	11,325	40,330	42,976
	Non Controlling Interests	(775)	(352)	(59)	(1,356)	(88)
10	Other Comprehensive Income / (losses)					
	A. Items that will not be reclassified to Profit or Loss (net of taxes)	(62)	64	(45)	(150)	(136)
	B. Items that will be reclassified to Profit or Loss (net of taxes)	(610)	(415)	869	(907)	2,562
	Total Other Comprehensive Income (A+B)	(672)	(351)	824	(1,057)	2,426
11	Total Comprehensive Income (9 + 10)	6,592	10,756	12,090	37,917	45,314
	Total Comprehensive Income for the period attributable to:					
	Owners of the Company	7,308	11,044	12,239	39,156	45,376
	Non Controlling Interests	(716)	(288)	(149)	(1,239)	(62)
12	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,359	4,356	4,437	4,359	4,437
13	Total Reserves				213,772	198,407
14	Earnings Per Equity Share (Rs)					
	(EPS for the quarter periods ended are not annualised)					
	Basic	9.21	13.13	12.77	46.21	48.47
	Diluted	9.14	13.03	12.58	45.85	47.72

Standalone Information

Particulars	Quarter ended			Year ended	
	March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
Revenue from Operations	75,719	76,991	70,731	292,254	272,281
Profit before Tax	15,175	12,495	12,908	53,322	54,266
Profit after Tax	13,918	9,232	9,804	45,345	43,797

**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			Year ended	
	March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
<b>Segment Revenue</b>					
a) IT	86,681	87,067	81,077	334,564	319,235
b) BPO	8,221	9,479	7,846	34,113	28,186
<b>Total Sales / Income from operations</b>	<b>94,902</b>	<b>96,546</b>	<b>88,923</b>	<b>368,677</b>	<b>347,421</b>
<b>Segment Profit before tax, interest and depreciation</b>					
a) IT	12,255	14,052	15,295	52,303	58,138
b) BPO	1,223	1,581	1,091	4,958	5,231
<b>Total</b>	<b>13,478</b>	<b>15,633</b>	<b>16,386</b>	<b>57,261</b>	<b>63,369</b>
<b>Less:</b>					
(i) Finance costs	532	550	281	1,919	1,332
(ii) Other un-allocable expenditure, net off un-allocable income*	3,305	352	1,032	4,709	5,950
<b>Add:</b>					
(i) Share of Profit / (Loss) of Associates	15	5	(272)	(55)	(655)
<b>Profit before tax</b>	<b>9,656</b>	<b>14,736</b>	<b>14,801</b>	<b>50,578</b>	<b>55,432</b>

\*Pursuant to adoption of Ind AS-116, certain allocable expenses in the previous year have been considered as unallocable in the current year.

Statement of Segment Assets and Liabilities	March 31, 2020	December 31, 2019	March 31, 2019
<b>Segment Assets</b>			
Trade and Other Receivables			
IT	106,941	106,149	94,141
BPO	9,665	11,775	7,348
<b>Total Trade Receivables</b>	<b>116,606</b>	<b>117,924</b>	<b>101,489</b>
Goodwill			
IT	30,132	30,298	24,418
BPO	3,745	3,745	3,745
<b>Total Goodwill</b>	<b>33,877</b>	<b>34,043</b>	<b>28,163</b>
Unallocable Assets	223,052	204,528	204,817
<b>TOTAL ASSETS</b>	<b>373,535</b>	<b>356,495</b>	<b>334,469</b>
<b>Segment Liabilities</b>			
Unearned Revenue			
IT	2,466	2,475	2,453
BPO	25	21	39
<b>Total Unearned Revenue</b>	<b>2,491</b>	<b>2,496</b>	<b>2,492</b>
Advance from Customers			
IT	3,026	3,571	3,314
BPO	976	802	648
<b>Total Advance from Customers</b>	<b>4,002</b>	<b>4,373</b>	<b>3,962</b>
Unallocable Liabilities	144,978	124,513	120,394
<b>TOTAL LIABILITIES</b>	<b>151,471</b>	<b>131,382</b>	<b>126,848</b>

**Segmental Capital Employed**

Segregation of assets into primary segments has been done to the extent applicable. Segregation of balance assets and liabilities into various primary segments has not been done as these are used interchangeably between segments. Accordingly no disclosure relating to such has been made.

## Balance Sheet as at March 31, 2020 (Consolidated - Audited)

Rs.in Million

Particulars	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
(a) Property, Plant and Equipment	26,609	26,229
(b) Capital Work-in-Progress	501	2,763
(c) Right-of-Use Asset	11,730	-
(d) Investment Property	1,444	1,708
(e) Goodwill	33,877	28,163
(f) Intangible Assets	15,060	14,512
(g) Investment accounted using Equity method	197	361
(h) Financial Assets		
(i) Investments	2,163	7,159
(ii) Trade Receivables	37	63
(iii) Loans	45	43
(iv) Other Financial Assets	4,281	4,785
(i) Income Tax Assets (Net)	24,152	21,397
(j) Deferred Tax Assets (Net)	8,443	6,091
(k) Other Non-Current Assets	13,273	5,537
<b>Total Non - Current Assets</b>	<b>141,812</b>	<b>118,811</b>
<b>Current Assets</b>		
(a) Inventories	358	752
(b) Financial Assets		
(i) Investments	56,123	65,899
(ii) Trade Receivables	75,772	69,586
(iii) Cash and Cash Equivalents	30,167	20,427
(iv) Other Balances with Banks	1,316	3,160
(v) Other Financial Assets	37,355	29,064
(c) Other Current Assets	30,632	26,770
<b>Total Current Assets</b>	<b>231,723</b>	<b>215,658</b>
<b>Total Assets</b>	<b>373,535</b>	<b>334,469</b>
<b>EQUITY AND LIABILITIES</b>		
Equity		
(a) Equity Share Capital	4,359	4,437
(b) Other Equity	213,772	198,407
Equity Attributable to Owners of the Company	218,131	202,844
Non controlling Interest	3,933	4,777
<b>Total Equity</b>	<b>222,064</b>	<b>207,621</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	1,787	2,086
(ii) Lease liabilities	8,539	-
(iii) Other Financial Liabilities	12,323	3,009
(b) Provisions	6,691	5,801
(c) Deferred tax liabilities (Net)	356	11
(d) Other Non-Current Liabilities	214	325
<b>Total Non - Current Liabilities</b>	<b>29,910</b>	<b>11,232</b>
<b>Current liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	22,495	11,961
(ii) Lease liabilities	3,459	-
(iii) Trade Payables	32,566	24,893
(iv) Other Financial Liabilities	17,898	34,726
(b) Other Current Liabilities	18,270	17,605
(c) Provisions	4,364	3,952
(d) Income Tax Liabilities (Net)	10,205	10,175
<b>Total Current Liabilities</b>	<b>109,257</b>	<b>103,312</b>
Suspense Account (Net)	12,304	12,304
<b>Total Equity and Liabilities and Suspense Account</b>	<b>373,535</b>	<b>334,469</b>

## Tech Mahindra Limited

## Cash Flow Statement ( Consolidated-Audited )

Rs.in Million

	For the year ended	
	March 31, 2020	March 31, 2019
<b>A Cash Flow from Operating Activities</b>		
Profit Before Tax	50,578	55,432
Adjustments for :		
Depreciation and Amortisation Expense	14,458	11,292
Allowances for Doubtful Receivables / Advances and Deposits and Bad Debts written off (net)	1,484	3,452
Share of Loss of Associates	55	655
Net gain on disposal of Property, Plant and Equipment and Intangible Assets	(80)	(154)
Finance Costs	1,919	1,332
Unrealised Exchange (Gain) / Loss (net)	(776)	2,762
Share Based Payments to Employees	1,385	1,263
Interest Income	(2,434)	(2,077)
Rental Income	(392)	(292)
Dividend Income on Investments	(341)	(243)
Gain on Investments carried at fair value through profit and loss (net)	(2,063)	(2,361)
Change in fair valuation of Contractual Obligation	(550)	445
Gain on sale of subsidiary and dilution of Associate	(1,488)	-
Impairment of Goodwill and Non Current Assets	2,175	-
	<b>63,930</b>	<b>71,506</b>
Changes in working capital		
Trade Receivables and Other Assets	(23,349)	(16,190)
Trade Payables, Other Liabilities and Provisions	18,131	5,616
	<b>(5,218)</b>	<b>(10,574)</b>
Cash generated from operating activities before taxes	58,712	60,932
Income taxes paid, net	(15,131)	(16,612)
<b>Net cash generated from operating activities (A)</b>	<b>43,581</b>	<b>44,320</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment and Intangible Assets	(8,446)	(8,046)
Proceeds from Sale of Property, Plant and Equipment, Intangible Assets and Investment property	153	253
Purchase of Mutual Funds, Debentures and Other Investments	(332,427)	(234,272)
Proceeds from sale / redemption of Mutual Funds, Debentures and Other Investments	350,891	211,056
Proceeds from sale of subsidiary	802	-
Payment for acquisition of business / associates, net of cash acquired	(5,480)	(1,350)
Rental Income	311	315
Fixed Deposit/ Margin Money Placed	(1,235)	(76,166)
Fixed Deposit/ Margin Money Realized	3,191	85,564
Interest Income Received	2,526	1,482
<b>Net cash generated from / (used in) investing activities (B)</b>	<b>10,286</b>	<b>(21,164)</b>
<b>C Cash Flow from Financing Activities</b>		
Proceeds from Issuance of Equity Shares from exercise of stock options	468	359
Deposits placed / earmarked for buyback of equity shares	-	(2,106)
Payment of dividend (including dividend distribution tax thereon)	(24,917)	(14,907)
Buyback of equity shares	(17,879)	-
Proceeds from Long-Term Borrowings	3,794	180
Repayment of Long-Term Borrowings	(13,354)	(6,656)
Movement in Short-Term Borrowings (net)	11,494	1,972
Finance Costs paid	(1,883)	(1,354)
Repayment of lease liabilities	(2,378)	-
<b>Net cash used in financing activities (C)</b>	<b>(44,655)</b>	<b>(22,512)</b>
Net Increase / (decrease) in cash and cash equivalents during the period (D=A+B+C)	<b>9,212</b>	<b>644</b>
Effect of exchange rate changes on cash and cash equivalents (E)	<b>528</b>	<b>122</b>
Cash and Cash Equivalents at the beginning of the year (F)	20,427	19,661
Cash and Cash Equivalents at the end of the year (G=D+E+F)	<b>30,167</b>	<b>20,427</b>

**Notes :**

- 1 The quarterly and yearly financial results have been reviewed by the Audit Committee and taken on record by the Board of Directors in its meeting held on April 30, 2020.
- 2 The Board of Directors has recommended a final dividend of Rs. 5/- per share on face value of Rs. 5/- (100%).
- 3 The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.
- 4 **Certain matters relating to erstwhile Satyam Computer Services Limited (erstwhile Satyam):**  
**Proceedings in relation to 'Alleged Advances':**  
 Erstwhile Satyam had, in the past, 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 with legal notices claiming repayment for a sum of Rs. 12,304 million together with damages/compensation @ 18% per annum till the date of repayment. The erstwhile Satyam had not acknowledged any liability and replied to the legal notices stating that the claims are not legally tenable. Subsequently, the 37 companies filed petitions for recovery against the erstwhile Satyam before the City Civil Court, Secunderabad of which 1 petition was converted into a suit and the balance 36 petitions are at various stages of pauperism/suit admission.  
 The Hon'ble High Court in its Order approving the merger of the erstwhile Satyam with the Company, 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 Hon'ble 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.  
 Appeals were filed before the Division Bench of the Hon'ble High Court of Andhra Pradesh against the Order of the single judge of the Hon'ble High Court of Andhra Pradesh and the Hon'ble High Court of Bombay sanctioning the scheme of merger of erstwhile Satyam with the Company w.e.f. April 1, 2011, which are yet to be heard. One of the aforesaid companies also filed an appeal 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. Subsequently, ED had attached Fixed Deposits for an aggregate value of Rs.8,220 million alleged to be the proceeds of crime. The Hon'ble High Court of Judicature at Hyderabad granted stay on December 11, 2012 and set aside the Provisional attachment order on December 31, 2018. Subsequently, ED filed a Special Leave Petition (SLP) before the Hon'ble Supreme Court of India against the above order of the Hon'ble High Court of Telangana.  
 In view of these and 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, the Company has accounted and disclosed the amount of Rs. 12,304 Million as 'Suspense Account (net)'.
- 5 **Satyam Venture Engineering Services Private Limited (SVES)**  
**Accounting for sales commission**  
 During the financial year 2011-2012, the Board of SVES reassessed the need to accrue sales commission considering that no services were rendered by Venture Global LLC during the period from FY 2005-2006 to FY 2011-2012. Accordingly, the Board of SVES decided to write back sales commission amounting to Rs. 359 Million pertaining to the years from FY 2005-2006 to FY 2010-2011 and to not accrue for sales commission for FY 2011-2012 amounting to Rs. 170 Million. However, considering possible outflow that may arise in said matter and pending the final disposal of legal proceedings in relation to disputes between Tech Mahindra Ltd and Venture Global LLC, the Board decided to account for a contingency provision for the sales commission amounting to Rs. 529 Million covering the period from FY 2005-2006 to FY 2011-2012. Considering the Order of the Hon'ble High Court of Andhra Pradesh dated August 23, 2013 directing all parties to maintain status quo, the Board based on a legal opinion decided not to modify the contingency provision made in FY 2011-2012. Further, since the matter is subjudice, as a matter of abundant caution sales commission for subsequent periods has been disclosed as a contingent liability amounting to Rs. 2,146 Million as on March 31, 2020 (March 31, 2019: Rs. 1,784 Million).  
**Preparation of Financial statements**  
 At the Annual General Meetings of SVES held on October 29, 2012, September 10, 2013, September 22, 2014, September 07, 2015, July 29, 2016, July 19, 2017, July 23, 2018 and July 23, 2019 one of the shareholders abstained from voting on the resolution for adoption of audited financial statements as at and for the years ended March 31, 2012, March 31, 2013, March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017, March 31, 2018 and March 31, 2019 respectively. In terms of Article 66 of the Articles of Association of SVES, the adoption of audited financial statements requires unanimous consent of both the shareholders of SVES. Therefore, the said financials have not been approved by the shareholders.  
 The financial statements of SVES as at and for the period ended March 31, 2020 have been drawn up incorporating the opening balances based on above said financial statements which have not been adopted by the Shareholders. Adjustments required, if any, will be made in accounts as and when determined.
- 6 The Company through its wholly owned subsidiary Tech Mahindra (Americas) Inc. has entered into an agreement to acquire 100% stake in Zen3 Infosolutions (America) Inc. ("Zen3") vide Stock Purchase Agreement dated February 24, 2020 (Amended and restated April 8, 2020) for purchase consideration of USD 39 Million (Rs. 2,949 Million), comprising cash consideration of USD 35 million (Rs. 2,647 Million) and retention payouts of USD 4 million (Rs. 302 Million), payable over next two years. Further, the Company has agreed to pay upto USD 25 million (Rs. 1,891 Million) for earn out linked to revenue and earnings before interest, depreciation and amortization (EBITDA) over three years.
- 7 The Company has entered into an agreement to acquire 51% stake in Cerium Systems Private Limited ("the Cerium") vide Share Purchase Agreement dated January 31, 2020 (Amended and restated dated April 9, 2020) for estimated enterprise value of Rs. 2,450 Million. Further, the Company has agreed to buy the balance 49% stake over the period of three years at valuation linked to financial performance of Cerium Systems Private Limited.
- 8 The Company, pursuant to a share purchase agreement acquired 100% stake in Born Commerce Private Limited on November 25, 2019 for a consideration of USD 12 million (Rs. 873 Million). Further the Company through its wholly owned subsidiary Tech Mahindra Singapore Pte. Limited, acquired 100% stake in Born Singapore Pte. Limited on November 26, 2019 for an upfront consideration of USD 59 Million (Rs. 4,224 Million) and USD 23.10 million (Rs.1,657 million) contingent consideration linked to financial performance of calendar year 2019.
- 9 The Company on July 31, 2019, through its wholly owned subsidiary Tech Mahindra (Americas) Inc. acquired 65 % stake in Mad\*Pow Media Solutions LLC for a upfront consideration of USD 16.71 Million (Rs. 1,151 Million). Further the subsidiary of the Company has entered into a binding agreement to purchase the balance 35% stake over a period of three-year, ending March 31, 2022 for which a financial liability of USD 11.52 Million (Rs. 793 Million) as on the date of acquisition has been recognised.
- 10 Tax expense for the Quarter Ended ("QE") March 31, 2020 is net of excess provision of Rs. 622 Million of earlier periods, no longer required, written back (QE December 31, 2019: Rs. 236 Million ; QE March 31, 2019: Rs. NIL Million).  
 Tax expense for the year ended March 31, 2020 is net of excess provision of Rs. 2,755 Million of earlier periods, no longer required, written back (year ended March 31, 2019: Rs. 3,032 Million).
- 11 The Company based on its annual impairment assessment of the goodwill outstanding in the books of accounts and the underlying cash generating unit ('CGU') to which the goodwill is allocated, assessed the recoverable amount of certain CGUs to be lower than their carrying value. Consequently the Company recognized an impairment of INR 2,175 Million in statement of profit and loss for the year ended 31 March 2020.

- 12 Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives information have not been restated. The effect of adoption of this standard is not significant on the profit for the period and earnings per share.
- 13 Previous period's figures have been regrouped wherever necessary.
- 14 **Emphasis of Matters**  
**The Emphasis of Matters in the Auditor's Report pertains to the following:**
- (i) With relation to Note 4 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 is discussed below:  
The Company's management, on the basis of current legal status and external legal opinion, has concluded that claims made by 37 companies in the City Civil Court for alleged advances amounting to Rs. 12,304 Million made by these companies to erstwhile Satyam and presented separately under 'Suspense account (net)', will not sustain on ultimate resolution by the Court.
- (ii) With relation to Note 5 in case of one of the subsidiaries of the Group, the other auditors in their auditor's report have drawn attention to a 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 from March 31, 2012 to March 31, 2019 have not yet been adopted by the members of that subsidiary in their respective annual general meetings in the absence of unanimous consent of both the shareholders. The financial statements as at and for the year ended 31 March 2020 have been drawn up by incorporating the opening balances based on the above mentioned financial statements 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 once the abovementioned financial statements are adopted.
- 15 **Management response to Emphasis of Matters:**  
With regard to the Emphasis of Matters stated in Note 14 above, there are no additional developments on Emphasis of Matters mentioned in Notes 4 and 5 above which require adjustments to the financial results.
- 16 The figures for the quarter ended March 31, 2020 and corresponding quarter ended in the previous year as reported in these consolidated financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the end of the third quarter of the relevant financial year.
- 17 The 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 at the web-link: <https://www.techmahindra.com/en-in/investors/>

Date : April 30, 2020  
Place : Mumbai

C. P. Gurnani  
Managing Director & CEO