

Tech Mahindra Limited

Registered Office : Gateway Building, Apollo Bunder, Mumbai 400 001. Website : www.techmahindra.com

Email : investor.relations@techmahindra.com. CIN : L64200MH1986PLC041370

Consolidated Audited Interim Financial Results for the quarter ended June 30, 2021

Rs. in million except Earnings per share					
	Particulars	Quarter ended			Year ended
		June 30, 2021	March 31, 2021	June 30, 2020	March 31, 2021
1	Revenue from Operations	101,976	97,299	91,063	378,551
2	Other Income	2,873	326	4,161	7,871
3	Total Income (1 + 2)	104,849	97,625	95,224	386,422
4	Expenses				
	Employee Benefits Expenses	51,616	46,955	48,051	192,973
	Subcontracting Expenses	15,092	12,367	13,161	49,743
	Finance Costs	381	417	503	1,740
	Depreciation and Amortisation Expense	3,311	3,444	3,832	14,577
	Other Expenses	16,504	18,496	16,846	67,365
	Impairment of Goodwill and non-current assets	-	507	-	507
	Total Expenses	86,904	82,186	82,393	326,905
5	Profit before share in profit/(loss) of associates and tax (3-4)	17,945	15,439	12,831	59,517
6	Share of Profit / (Loss) of Associates	(2)	2	1	12
7	Profit before Tax (5 + 6)	17,943	15,441	12,832	59,529
8	Tax Expense (Refer note 4)				
	Current Tax	4,845	5,116	4,103	18,115
	Deferred Tax	(559)	(118)	(827)	(2,116)
	Total Tax Expense	4,286	4,998	3,276	15,999
9	Profit after tax (7 - 8)	13,657	10,443	9,556	43,530
	Profit for the period attributable to:				
	Owners of the Company	13,532	10,814	9,723	44,280
	Non Controlling Interests	125	(371)	(167)	(750)
10	Other Comprehensive Income / (Loss)				
	A. Items that will not be reclassified to Profit or (Loss) (net of taxes)	(81)	(24)	31	1,586
	B. Items that will be reclassified to Profit or (Loss) (net of taxes)	232	1,647	372	2,651
	Total Other Comprehensive Income / (Loss) (A+B)	151	1,623	403	4,237
11	Total Comprehensive Income (9 + 10)	13,808	12,066	9,959	47,767
	Total Comprehensive Income for the period attributable to:				
	Owners of the Company	13,629	12,376	10,176	48,415
	Non Controlling Interests	179	(310)	(217)	(648)
12	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,374	4,370	4,360	4,370
13	Total Reserves				244,280
14	Earnings Per Equity Share (Rs)				
	<i>(EPS for the quarter periods ended are not annualised)</i>				
	Basic	15.43	12.37	11.13	50.64
	Diluted	15.32	12.26	11.07	50.19

Standalone Information

Particulars	Quarter ended			Year ended
	June 30, 2021	March 31, 2021	June 30, 2020	March 31, 2021
Revenue from Operations	79,315	75,068	71,647	296,409
Profit before Tax	13,261	15,273	11,019	55,266
Profit after Tax	9,862	11,678	8,542	42,391

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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
	June 30, 2021	March 31, 2021	June 30, 2020	March 31, 2021
Segment Revenue				
a) IT	90,158	86,730	83,667	340,495
b) BPO	11,818	10,569	7,396	38,056
Total Sales / Income from operations	101,976	97,299	91,063	378,551
Segment Profit before tax, interest and depreciation				
a) IT	16,244	16,524	12,504	60,421
b) BPO	2,520	2,957	501	8,049
Total	18,764	19,481	13,005	68,470
Less:				
(i) Finance costs	381	417	503	1,740
(ii) Other un-allocable expenditure, net off un-allocable income	438	3,625	(329)	7,213
Add:				
Share of Profit / (Loss) of Associates	(2)	2	1	12
Profit before tax	17,943	15,441	12,832	59,529

Statement of Segment Assets and Liabilities	June 30, 2021	June 30, 2020	March 31, 2021
Segment Assets			
Trade and Other Receivables			
IT	95,115	100,633	89,331
BPO	11,658	8,085	11,201
Total Trade and Other Receivables	106,773	108,718	100,532
Goodwill			
IT	41,010	32,517	34,462
BPO	7,423	3,745	5,620
Total Goodwill	48,433	36,262	40,082
Unallocable Assets	265,432	238,202	256,166
TOTAL ASSETS	420,638	383,182	396,780
Segment Liabilities			
Unearned Revenue			
IT	8,206	7,338	7,414
BPO	265	1,010	286
Total Unearned Revenue	8,471	8,348	7,700
Unallocable Liabilities	145,132	143,245	136,635
TOTAL LIABILITIES	153,603	151,593	144,335

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.

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Consolidated Audited Interim Financial Results for the quarter ended June 30, 2021

Notes :

- 1 These results have been prepared on the basis of the consolidated audited condensed interim financial statements which are prepared in accordance with the Ind AS notified under the Companies (Indian Accounting Standards) Rules 2015. The results for the quarter ended March 31, 2021 are the balancing figures prepared on the basis of consolidated audited financial statements for the year ended March 31, 2021 and the consolidated audited condensed interim financial statements upto third quarter ending December 31, 2020. The quarterly financial results have been reviewed by the Audit Committee and have been approved and taken on record by the Board of Directors in its meeting held on July 29, 2021.
- 2 **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. The Hon'ble Supreme Court upon hearing the parties upheld the judgement of Hon'ble High court of Andhra Pradesh and Telangana and consequently dismissed the SLP filed by ED by its order dated February 26, 2021.
In view of the aforesaid 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)'.
- 3 Pursuant to a share purchase agreement, 100% stake in DigitalOnUs Inc. was acquired on May 07, 2021 for a consideration of USD 104.51 million (Rs. 7,904 million) out of which USD 90.5 million (Rs. 6,845 million) was paid upfront.
Further, 100% stake in Eventus Solution Group LLC was acquired on June 18, 2021 for a consideration of USD 37.29 million (Rs. 2,762 million) out of which USD 33.67 million (Rs. 2,494 million) was paid upfront.
- 4 Tax expense for the Quarter Ended ("QE") June 30, 2021 is net of reversals of Rs. 390 million of earlier periods (QE & year ended March 31, 2021: Rs. 793 million ; QE June 30, 2020: Rs. Nil).
- 5 The Company has considered the possible effects that may result from COVID-19, a global pandemic on the recoverable values of its financial and non-financial assets. The impact of COVID-19 on the consolidated audited interim financial results may differ from that estimated as at the date of approval of these consolidated audited interim financial results.
- 6 **Emphasis of Matters**
The Emphasis of Matter in the Auditor's Report:
With relation to Note 2 in respect of certain matters relating to erstwhile Satyam Computer Services Limited (erstwhile Satyam) which has been amalgamated with the Company with effect from April 1, 2011, 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.
Management response to Emphasis of Matters:
With regard to the Emphasis of Matter stated above, there are no additional developments which require adjustments to the consolidated audited interim financial results.
- 7 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 : July 29, 2021

Place : Mumbai

C. P. Gurnani
Managing Director & CEO