

Tech Mahindra Limited

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Standalone 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	79,315	75,068	71,647	296,409
2	Other Income	2,397	2,070	2,715	9,218
3	Total Income (1 + 2)	81,712	77,138	74,362	305,627
4	Expenses				
	Employee Benefit Expenses	26,019	21,979	22,548	91,626
	Subcontracting Expenses	29,837	26,915	29,615	113,206
	Finance Costs	181	147	183	632
	Depreciation and Amortisation Expense	1,535	1,577	1,686	6,623
	Other Expenses	9,445	9,808	9,311	36,835
	Impairment of non-current investments (Refer note 3)	1,434	1,439	-	1,439
	Total Expenses	68,451	61,865	63,343	250,361
5	Profit before Tax (3 - 4)	13,261	15,273	11,019	55,266
6	Tax Expense (Refer note 4)				
	Current Tax	3,930	3,065	3,252	13,604
	Deferred Tax	(531)	530	(775)	(729)
	Total Tax Expense	3,399	3,595	2,477	12,875
7	Profit after tax (5 - 6)	9,862	11,678	8,542	42,391
8	Other Comprehensive Income / (Loss)				
	A. Items that will not be reclassified to Profit or (Loss) (net of taxes)	(64)	(14)	26	7
	B. Items that will be reclassified to Profit or (Loss) (net of taxes)	(573)	1,145	476	2,446
	Total Other Comprehensive Income / (Loss) (A+B)	(637)	1,131	502	2,453
9	Total Comprehensive Income (7 + 8)	9,225	12,809	9,044	44,844
10	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,845	4,841	4,831	4,841
11	Total Reserves				245,317
12	Earnings Per Equity Share in Rs. (EPS for the quarter periods ended are not annualised)				
	- Basic	10.16	12.06	8.83	43.76
	- Diluted	10.09	11.96	8.78	43.41

Notes :

- 1 These results have been prepared on the basis of the standalone 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 standalone audited financial statements for the year ended March 31, 2021 and the standalone 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 The Company based on the performance of its subsidiaries and relevant economic and market indicators has assessed the recoverable amount of investment in certain subsidiaries. Consequently, the Company has recognised an impairment of Rs.1,434 million in the statement of profit and loss for the Quarter Ended ("QE") June 30, 2021 (QE & year ended March 31, 2021: Rs.1,439 million ; QE June 30, 2020: Nil).
4 Tax expense for the Quarter Ended ("QE") June 30, 2021 is net of reversals of Rs. 434 million of earlier periods (QE & year ended March 31, 2021: Rs. 201 million ; QE June 30, 2020: 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 standalone audited interim financial results may differ from that estimated as at the date of approval of these standalone audited interim financial results.
6 **Emphasis of Matter**
The Emphasis of Matter in the Auditors' 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 Matter:
With regard to the Emphasis of Matter stated above, there are no additional developments which require adjustments to the standalone 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