

Tech Mahindra Limited

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

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

Audited Consolidated Interim Financial Results for the quarter ended June 30, 2022

		(Amounts in INR Million)			
	Particulars	Quarter ended		Year ended	
		June 30, 2022 (Audited)	March 31, 2022 (Refer note 6)	June 30, 2021 (Audited)	March 31, 2022 (Audited)
1	Revenue from Operations	127,079	121,163	101,976	446,460
2	Other Income	1,221	3,198	2,873	11,123
3	Total Income (1 + 2)	128,300	124,361	104,849	457,583
4	Expenses				
	Employee Benefits Expense	65,503	60,476	51,616	222,859
	Subcontracting Expense	20,657	19,065	15,092	69,571
	Finance Costs	403	552	381	1,626
	Depreciation and Amortisation Expense	4,767	4,842	3,311	15,204
	Other Expenses	22,118	20,738	16,504	73,830
	Total Expenses	113,448	105,673	86,904	383,090
5	Profit before share in profit/(loss) of associates/joint ventures and tax (3-4)	14,852	18,688	17,945	74,493
6	Share in Profit / (Loss) of Associates / Joint Venture	3	45	(2)	28
7	Profit before Tax (5 + 6)	14,855	18,733	17,943	74,521
8	Tax Expense (Refer note 4)				
	Current Tax	4,259	1,366	4,845	17,421
	Deferred Tax	(879)	1,914	(559)	799
	Total Tax Expense	3,380	3,280	4,286	18,220
9	Profit after tax (7 - 8)	11,475	15,453	13,657	56,301
	Profit for the period attributable to:				
	Owners of the Company	11,316	15,057	13,532	55,661
	Non Controlling Interests	159	396	125	640
10	Other Comprehensive Income / (Loss)				
	A. Items that will not be reclassified to Profit or (Loss) (net of taxes)	61	153	(81)	(81)
	B. Items that will be reclassified to Profit or (Loss) (net of taxes)	599	1,178	232	2,393
	Total Other Comprehensive Income / (Loss) (A+B)	660	1,331	151	2,312
11	Total Comprehensive Income (9 + 10)	12,135	16,784	13,808	58,613
	Total Comprehensive Income for the period attributable to:				
	Owners of the Company	12,031	16,349	13,629	57,949
	Non Controlling Interests	104	435	179	664
12	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,392	4,388	4,374	4,388
13	Total Reserves				264,469
14	Earnings Per Equity Share (Rs)				
	<i>EPS for the quarter ended periods are not annualised</i>				
	Basic	12.84	17.09	15.43	63.32
	Diluted	12.78	16.94	15.32	62.81

		(Amounts in INR Million)			
	Particulars	Quarter ended		Year ended	
		June 30, 2022 (Audited)	March 31, 2022 (Refer note 7)	June 30, 2021 (Audited)	March 31, 2022 (Audited)
	Revenue from Operations	99,651	93,189	79,315	347,261
	Profit before Tax	11,458	11,912	13,261	62,846
	Profit after Tax	8,822	10,379	9,862	49,131

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Primary Segments

The Group [Tech Mahindra Limited (defined as Holding Company), together with its subsidiaries] and its associates and joint ventures 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

(Amounts in INR Million)

Particulars	Quarter ended		Year ended	
	June 30, 2022 (Audited)	March 31, 2022 (Refer note 6)	June 30, 2021 (Audited)	March 31, 2022 (Audited)
Segment Revenue				
a) IT	111,015	105,926	90,158	391,852
b) BPO	16,064	15,237	11,818	54,608
Total Sales / Income from operations	127,079	121,163	101,976	446,460
Segment Profit before tax, interest and depreciation				
a) IT	16,062	17,946	16,244	69,344
b) BPO	2,739	2,938	2,520	10,856
Total	18,801	20,884	18,764	80,200
Less:				
(i) Finance costs	403	552	381	1,626
(ii) Other un-allocable expenditure, net off un-allocable income	3,546	1,644	438	4,081
Add:				
Share in Profit / (Loss) of Associates / Joint Venture	3	45	(2)	28
Profit before tax	14,855	18,733	17,943	74,521

Statement of Segment Assets and Liabilities	June 30, 2022 (Audited)	June 30, 2021 (Audited)	March 31, 2022 (Audited)
Segment Assets			
Trade and Other Receivables			
IT	128,291	95,115	117,498
BPO	12,235	11,658	15,179
Total Trade and Other Receivables	140,526	106,773	132,677
Goodwill			
IT	63,574	41,010	62,027
BPO	12,506	7,423	12,231
Total Goodwill	76,080	48,433	74,258
Unallocable Assets	247,366	265,432	241,772
TOTAL ASSETS	463,972	420,638	448,707
Segment Liabilities			
Unearned Revenue			
IT	9,137	7,276	10,006
BPO	1,290	1,195	1,455
Total Unearned Revenue	10,427	8,471	11,461
Unallocable Liabilities	167,235	145,132	163,435
TOTAL LIABILITIES	177,662	153,603	174,896

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.

Notes :

1 These results have been prepared on the basis of the audited consolidated condensed interim financial statements which are prepared in accordance with the Ind AS notified under the Companies (Indian Accounting Standards) Rules 2015. The audited 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 25, 2022.

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 of the alleged advances aggregating to 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 (Court), of which one petition has been converted into suit and balance 36 petitions are at various stages of pauperism/suit admission.

The Hon'ble High Court of Andhra Pradesh 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 the names of the said 37 companies 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 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. The matter is pending final adjudication.

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 sanctioning the Scheme of merger of erstwhile Satyam with the Company w.e.f. April 1, 2011, which are yet to be heard. Further, petition was filed by the 37 companies for winding-up of the erstwhile Satyam with the Hon'ble High Court of Andhra Pradesh which was subsequently rejected. One of the aforesaid companies also filed an appeal against the said order with the Division Bench of the Hon'ble High Court of Andhra Pradesh. 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.

In view of the aforesaid and based on an independent legal opinion, current legal status and lack of documentation to support the validity of the claim, the Management believes that the claim by the 37 companies for repayment of the alleged advances, including interest thereon will not be payable on final adjudication. As required by the Hon'ble High Court in the scheme of merger, the said amount of Rs. 12,304 Million has been recorded as "Amounts pending investigation suspense account (net)" ("Suspense Account (net)"), which override the relevant requirement of Conceptual Framework for Financial Reporting under Indian Accounting Standards (Ind AS). Accordingly, the amounts of these alleged advances are recorded separately from equity and liabilities of the Company in the books of account.

3 Pursuant to a share purchase agreement, the Company acquired 100% stake in Thirdware Solutions Limited (India) on June 03, 2022 for a total consideration of Rs. 7,838 Million of which Rs. 6,708 Million was paid upfront, including the adjustment for cash and net working capital and balance is linked to performance conditions.

4 Tax expense for the Quarter Ended ("QE") June 30, 2022 is net of reversal of Rs. Nil relating to earlier periods (QE June 30, 2021: Rs. 390 Million ; year ended March 31, 2022: Rs. 185 Million.) Tax expense for the QE March 31, 2022 includes Rs.126 Million pertaining to earlier periods.

5 Emphasis of Matter**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), amalgamated with the Holding Company with effect from April 1, 2011, is discussed below:

In accordance with the Scheme approved by the Honourable High Court of Hyderabad, Andhra Pradesh, the Company has presented separately under "Suspense account (net)" claims made by 37 companies in the City Civil Court, for alleged advances amounting to INR 12,304 Million, to erstwhile Satyam. The Company's management on the basis of current legal status, lack of documentation to support the validity of the claim and external legal opinion, believes that claims will not be payable on final adjudication.

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 audited consolidated interim financial results.

6 The results for the quarter ended March 31, 2022 are the balancing figures prepared on the basis of audited consolidated financial statements for the year ended March 31, 2022 and published unaudited year-to-date figures for the nine months ended December 31, 2021

7 The results for the quarter ended March 31, 2022 are the balancing figures prepared on the basis of audited standalone financial statements for the year ended March 31, 2022 and published unaudited year-to-date figures for the nine months ended December 31, 2021

8 The audited consolidated interim 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 25, 2022

Place : Mumbai

C. P. Gurnani

Managing Director & CEO