

Tech Mahindra Limited

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

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

Audited Standalone 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 7)	June 30, 2021 (Audited)	March 31, 2022 (Audited)
1	Revenue from Operations	99,651	93,189	79,315	347,261
2	Other Income	1,186	2,272	2,397	15,228
3	Total Income (1 + 2)	100,837	95,461	81,712	362,489
4	Expenses				
	Employee Benefit Expenses	32,869	29,451	26,019	110,542
	Subcontracting Expenses	42,602	39,662	29,837	138,588
	Finance Costs	251	173	181	636
	Depreciation and Amortisation Expense	1,860	1,955	1,535	6,599
	Other Expenses	11,797	9,073	9,445	38,609
	Impairment of non-current investments (Refer note 4)	-	3,235	1,434	4,669
	Total Expenses	89,379	83,549	68,451	299,643
5	Profit before Tax (3 - 4)	11,458	11,912	13,261	62,846
6	Tax Expense (Refer note 5)				
	Current Tax	2,865	(427)	3,930	12,409
	Deferred Tax	(229)	1,960	(531)	1,306
	Total Tax Expense	2,636	1,533	3,399	13,715
7	Profit after tax (5 - 6)	8,822	10,379	9,862	49,131
8	Other Comprehensive Income / (Loss)				
	A. Items that will not be reclassified to Profit or (Loss) (net of taxes)	34	(52)	(64)	(252)
	B. Items that will be reclassified to Profit or (Loss) (net of taxes)	226	(316)	(573)	1,333
	Total Other Comprehensive Income / (Loss) (A+B)	260	(368)	(637)	1,081
9	Total Comprehensive Income (7 + 8)	9,082	10,011	9,225	50,212
10	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,863	4,859	4,845	4,859
11	Total Reserves				253,633
12	Earnings Per Equity Share in Rs.				
	<i>EPS for the quarter ended periods are not annualised</i>				
	- Basic	9.05	10.67	10.16	50.48
	- Diluted	9.00	10.59	10.09	50.11

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Notes :

1 These results have been prepared on the basis of the audited standalone 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 The Company based on the performance of few subsidiaries and relevant economic and market indicators had assessed the recoverable amount of investment in those subsidiaries. Consequently, the Company has recognised an impairment of Rs. Nil in the statement of profit and loss for the quarter ended ("QE") June 30, 2022 (QE March 31, 2022: Rs. 3,235 Million ; year ended March 31, 2022: Rs. 4,669 Million ; QE June 30,2021: Rs. 1,434 Million).

5 Tax expense for the Quarter Ended ("QE") June 30, 2022 includes Rs. Nil of earlier periods (QE June 30, 2021: Rs. 434 Million ; year ended March 31,2022: Rs. 690 Million.) Tax expense for the QE March 31, 2022 includes Rs. 128 Million of earlier periods.

6 Emphasis of Matter

The Emphasis of Matter in the Auditor's Report:

With relation to Note 2, which describes in detail certain matters relating to erstwhile Satyam Computer Services Limited ("erstwhile Satyam"), amalgamated with the Company with effect from 1 April 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 claims and external legal opinion believes that these 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 standalone interim financial results.

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 standalone 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