

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, 2023

(Rs. in Million except earnings per share)

	Particulars	Quarter ended			Year ended
		June 30, 2023 (Audited)	March 31, 2023 (Note 5)	June 30, 2022 (Audited)	March 31, 2023 (Audited)
1	Revenue from Operations	131,590	137,182	127,079	532,902
2	Other Income	1,917	3,055	1,221	9,650
3	Total Income (1 + 2)	133,507	140,237	128,300	542,552
4	Expenses				
	Employee Benefits Expense	71,677	71,918	65,503	276,918
	Subcontracting Expense	18,425	19,358	20,657	80,002
	Finance Costs	1,197	934	403	3,256
	Depreciation and Amortisation Expense	4,466	4,902	4,767	19,567
	Other Expenses	28,108	25,700	22,118	95,694
	Impairment of Goodwill and non-current assets	-	2,126	-	2,370
	Total Expenses	123,873	124,938	113,448	477,807
5	Profit before share in profit/(loss) of associates/joint ventures and tax (3-4)	9,634	15,299	14,852	64,745
6	Share in Profit / (Loss) of Associates / Joint Venture	78	(50)	3	(290)
7	Profit before Tax (5 + 6)	9,712	15,249	14,855	64,455
8	Tax Expense				
	Current Tax	3,500	5,780	4,259	19,514
	Deferred Tax	(824)	(1,781)	(879)	(3,629)
	Total Tax Expense	2,676	3,999	3,380	15,885
9	Profit after tax (7 - 8)	7,036	11,250	11,475	48,570
	Profit for the period attributable to:				
	Owners of the Company	6,925	11,177	11,316	48,313
	Non Controlling Interests	111	73	159	257
10	Other Comprehensive Income / (Loss)				
	A. Items that will not be reclassified to Profit / (Loss) (net of taxes)	(2)	(29)	61	(11)
	B. Items that will be reclassified to Profit / (Loss) (net of taxes)	1,634	653	599	3,159
	Total Other Comprehensive Income / (Loss) (A+B)	1,632	624	660	3,148
11	Total Comprehensive Income (9 + 10)	8,668	11,874	12,135	51,718
	Total Comprehensive Income for the period attributable to:				
	Owners of the Company	8,557	11,798	12,031	51,376
	Non Controlling Interests	111	76	104	342
12	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,403	4,400	4,392	4,400
13	Total Reserves				274,845
14	Earnings Per Equity Share (Rs)				
	<i>EPS for the quarter ended periods are not annualised</i>				
	Basic	7.84	12.67	12.84	54.76
	Diluted	7.82	12.62	12.78	54.54

Standalone Information

Particulars	Quarter ended			Year ended
	June 30, 2023 (Audited)	March 31, 2023 (Note 5)	June 30, 2022 (Audited)	March 31, 2023 (Audited)
Revenue from Operations	106,972	109,385	101,326	426,573
Profit before Tax	7,286	8,640	12,240	49,041
Profit after Tax	5,595	6,767	9,401	37,775

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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

Particulars	Quarter ended			Year ended
	June 30, 2023 (Audited)	March 31, 2023 (Note 5)	June 30, 2022 (Audited)	March 31, 2023 (Audited)
Segment Revenue				
a) IT	112,128	117,974	111,015	460,972
b) BPO	19,462	19,208	16,064	71,930
Total Sales / Income from operations	131,590	137,182	127,079	532,902
Segment Profit before tax, interest and depreciation				
a) IT	10,200	16,738	16,062	67,664
b) BPO	3,180	3,467	2,739	12,622
Total	13,380	20,205	18,801	80,286
Less:				
(i) Finance costs	1,197	934	403	3,256
(ii) Other un-allocable expenditure, net off un-allocable income	2,549	3,973	3,546	12,286
Add:				
Share in Profit / (Loss) of Associates / Joint Venture	78	(50)	3	(290)
Profit before tax	9,712	15,249	14,855	64,455

Statement of Segment Assets and Liabilities	June 30, 2023 (Audited)	June 30, 2022 (Audited)	March 31, 2023 (Audited)
Segment Assets			
Trade and Other Receivables			
IT	125,841	128,291	130,490
BPO	16,664	12,235	16,149
Total Trade and Other Receivables	142,505	140,526	146,639
Goodwill			
IT	64,224	63,574	63,845
BPO	12,814	12,506	12,812
Total Goodwill	77,038	76,080	76,657
Unallocable Assets	241,838	247,366	238,237
TOTAL ASSETS	461,381	463,972	461,533
Segment Liabilities			
Unearned Revenue			
IT	10,494	9,137	10,710
BPO	695	1,290	798
Total Unearned Revenue	11,189	10,427	11,508
Unallocable Liabilities	157,352	167,235	166,078
TOTAL LIABILITIES AND SUSPENSE ACCOUNT	168,541	177,662	177,586

Segmental Capital Employed

Segregation of assets into primary segments has been done to the extent applicable. Segregation of remaining 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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Audited Consolidated Interim Financial Results for the quarter ended June 30, 2023

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 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 26, 2023.

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 disclosed 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 disclosed separately from equity and liabilities of the Company in the books of account.

3 During the quarter ended June 30, 2023, 551,990 shares of Rs 5/- each fully paid, were allotted upon exercise of the vested stock options pursuant to the Company's Employee Stock Option Schemes resulting in an increase in the paid-up share capital by Rs. 3 Million and securities premium by Rs. 26 Million.

4 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 Rs. 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 financial results.

5 The figures for the quarter ended March 31, 2023 are the balancing figures between the audited figures prepared on the basis of audited consolidated financial statements for the year ended March 31, 2023 and the published audited year-to date figures for the nine months ended December 31, 2022 respectively.

6 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 26, 2023

Place : London

C. P. Gurnani
Managing Director & CEO