

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, 2023

(Rs. in Million except earnings per share)

	Particulars	Quarter ended		Year ended	
		June 30, 2023 (Audited)	March 31, 2023 (Note 6)	June 30, 2022 (Audited) (Note 2)	March 31, 2023 (Audited)
1	Revenue from Operations	106,972	109,385	101,326	426,573
2	Other Income	2,010	796	1,444	11,283
3	Total Income (1 + 2)	108,982	110,181	102,770	437,856
4	Expenses				
	Employee Benefit Expenses	39,219	39,368	34,675	149,693
	Subcontracting Expenses	42,402	43,040	41,353	170,368
	Finance Costs	543	569	277	1,808
	Depreciation and Amortisation Expense	2,047	2,021	2,057	8,129
	Other Expenses	17,485	15,206	12,168	53,309
	Impairment of non-current investments	-	1,337	-	5,508
	Total Expenses	101,696	101,541	90,530	388,815
5	Profit before Tax (3 - 4)	7,286	8,640	12,240	49,041
6	Tax Expense				
	Current Tax	2,156	2,042	3,057	12,027
	Deferred Tax	(465)	(169)	(218)	(761)
	Total Tax Expense	1,691	1,873	2,839	11,266
7	Profit after tax (5 - 6)	5,595	6,767	9,401	37,775
8	Other Comprehensive Income / (Loss)				
	A. Items that will not be reclassified to Profit / (Loss) (net of taxes)	2	(26)	19	53
	B. Items that will be reclassified to Profit / (Loss) (net of taxes)	976	497	176	(2,533)
	Total Other Comprehensive Income / (Loss) (A+B)	978	471	195	(2,480)
9	Total Comprehensive Income (7 + 8)	6,573	7,238	9,596	35,295
10	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,874	4,871	4,863	4,871
11	Total Reserves				247,168
12	Earnings Per Equity Share in Rs.				
	<i>EPS for the quarter ended periods are not annualised</i>				
	- Basic	5.72	6.93	9.64	38.69
	- Diluted	5.71	6.90	9.60	38.54

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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 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 The Board of Directors of the Company at its meeting held on January 29, 2021 had approved the Composite Scheme of Arrangement (the 'Scheme') for merger of Tech Mahindra Business Services Limited and Born Commerce Private Limited, two wholly owned subsidiary of the Company, with the Company. The Scheme of Amalgamation by Absorption was approved by the NCLT Bench of Mumbai and Chennai, on January 5, 2023 and January 13, 2023 for the merger of the subsidiaries with the Company respectively. In accordance with the Scheme and IND AS 103, Appendix, the merger has been accounted on April 1, 2021 and accordingly, the financial results for the quarter ended June 30, 2022 have been restated.
- 3 **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.
- 4 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.
- 5 **Emphasis of Matter**
The Emphasis of Matter in the Auditor's Report:
With relation to Note 3, which describes in detail certain matters relating to erstwhile Satyam Computer Services Limited ("erstwhile Satyam"), amalgamated with the 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 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 interim standalone financial results.
- 6 The figure for the quarter ended March 31, 2023 are the balancing figure between the audited figures prepared on the basis of audited standalone 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.
- 7 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 26, 2023

Place : London

C. P. Gurnani
Managing Director & CEO