

Tech Mahindra Limited

 Registered Office : Gateway Building, Apollo Bunder, Mumbai 400 001. Website : www.techmahindra.com
 Email : investor.relations@techmahindra.com. CIN : L64200MH1986PLC041370

Consolidated Audited Interim Financial Results for the quarter and six months period ended September 30, 2021

	Particulars	Rs. in Million except Earnings per share					
		Quarter ended			Six months period ended		Year ended
		September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
1	Revenue from Operations	108,813	101,976	93,718	210,789	184,781	378,551
2	Other Income	2,821	2,873	1,175	5,694	5,336	7,871
3	Total Income (1 + 2)	111,634	104,849	94,893	216,483	190,117	386,422
4	Expenses						
	Employee Benefits Expenses	54,165	51,616	48,279	105,781	96,330	192,973
	Subcontracting Expenses	16,672	15,092	12,218	31,764	25,379	49,743
	Finance Costs	354	381	399	735	902	1,740
	Depreciation and Amortisation Expense	3,430	3,311	3,717	6,741	7,549	14,577
	Other Expenses	18,024	16,504	16,191	34,528	33,037	67,365
	Impairment of Goodwill and non-current assets	-	-	-	-	-	507
	Total Expenses	92,645	86,904	80,804	179,549	163,197	326,905
5	Profit before share in profit/(loss) of associates/joint ventures and tax (3-4)	18,989	17,945	14,089	36,934	26,920	59,517
6	Share in Profit / (Loss) of Associates / Joint Venture	(8)	(2)	4	(10)	5	12
7	Profit before Tax (5 + 6)	18,981	17,943	14,093	36,924	26,925	59,529
8	Tax Expense (Refer note 5)						
	Current Tax	5,613	4,845	4,150	10,458	8,253	18,115
	Deferred Tax	(41)	(559)	(688)	(600)	(1,515)	(2,116)
	Total Tax Expense	5,572	4,286	3,462	9,858	6,738	15,999
9	Profit after tax (7 - 8)	13,409	13,657	10,631	27,066	20,187	43,530
	Profit for the period attributable to:						
	Owners of the Company	13,387	13,532	10,646	26,919	20,369	44,280
	Non Controlling Interests	22	125	(15)	147	(182)	(750)
10	Other Comprehensive Income / (Loss)						
	A. Items that will not be reclassified to Profit or (Loss) (net of taxes)	(47)	(81)	1,646	(128)	1,677	1,586
	B. Items that will be reclassified to Profit or (Loss) (net of taxes)	1,288	232	1,081	1,520	1,453	2,651
	Total Other Comprehensive Income / (Loss) (A+B)	1,241	151	2,727	1,392	3,130	4,237
11	Total Comprehensive Income (9 + 10)	14,650	13,808	13,358	28,458	23,317	47,767
	Total Comprehensive Income for the period attributable to:						
	Owners of the Company	14,670	13,629	13,318	28,299	23,494	48,415
	Non Controlling Interests	(20)	179	40	159	(177)	(648)
12	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,377	4,374	4,362	4,377	4,362	4,370
13	Total Reserves						244,280
14	Earnings Per Equity Share (Rs)						
	(EPS for the quarter and six months ended periods are not annualised)						
	Basic	15.25	15.43	12.18	30.68	23.31	50.64
	Diluted	15.14	15.32	12.11	30.44	23.17	50.19

Standalone Information

Particulars	Quarter ended			Six months period ended		Year ended
	September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
	Revenue from Operations	84,649	79,315	74,044	163,964	145,691
Profit before Tax	20,043	13,261	12,576	33,304	23,595	55,266
Profit after Tax	15,595	9,862	9,615	25,457	18,157	42,391

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Primary Segments

The Company 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			Six months period ended		Year ended
	September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
Segment Revenue						
a) IT	95,758	90,158	84,193	185,916	167,861	340,495
b) BPO	13,055	11,818	9,525	24,873	16,920	38,056
Total Sales / Income from operations	108,813	101,976	93,718	210,789	184,781	378,551
Segment Profit before tax, interest and depreciation						
a) IT	17,574	16,244	14,947	33,818	27,451	60,421
b) BPO	2,378	2,520	2,083	4,898	2,584	8,049
Total	19,952	18,764	17,030	38,716	30,035	68,470
Less:						
(i) Finance costs	354	381	399	735	902	1,740
(ii) Other un-allocable expenditure, net off un-allocable income	609	438	2,542	1,047	2,213	7,213
Add:						
Share in Profit / (Loss) of Associates / Joint Venture	(8)	(2)	4	(10)	5	12
Profit before tax	18,981	17,943	14,093	36,924	26,925	59,529

Statement of Segment Assets and Liabilities	September 30, 2021	June 30, 2021	September 30, 2020	March 31, 2021
Segment Assets				
Trade and Other Receivables				
IT	98,996	95,115	90,624	89,331
BPO	12,178	11,658	9,127	11,201
Total Trade and Other Receivables	111,174	106,773	99,751	100,532
Goodwill				
IT	40,786	41,010	32,870	34,462
BPO	7,349	7,423	3,745	5,620
Total Goodwill	48,135	48,433	36,615	40,082
Unallocable Assets	249,980	265,432	246,130	256,166
TOTAL ASSETS	409,289	420,638	382,496	396,780
Segment Liabilities				
Unearned Revenue				
IT	6,732	7,276	6,161	6,503
BPO	1,195	1,195	1,127	1,197
Total Unearned Revenue	7,927	8,471	7,288	7,700
Unallocable Liabilities	145,709	145,132	134,155	136,635
TOTAL LIABILITIES	153,636	153,603	141,443	144,335

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.

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Consolidated Audited Interim Balance Sheet as at September 30, 2021

Particulars	Rs. in Million	
	As at September 30, 2021	As at March 31, 2021
ASSETS		
Non-Current Assets		
(a) Property, Plant and Equipment	23,913	24,632
(b) Capital Work-in-Progress	1,699	1,183
(c) Right-of-Use Asset	9,588	10,072
(d) Investment Property	846	891
(e) Goodwill	48,135	40,082
(f) Intangible Assets	15,057	14,508
(g) Investment accounted using Equity method	268	279
(h) Financial Assets		
(i) Investments	7,280	5,478
(ii) Trade Receivables	59	25
(iii) Loans	47	47
(iv) Other Financial Assets	6,894	4,744
(i) Income Tax Assets (Net)	21,713	20,288
(j) Deferred Tax Assets (Net)	9,493	9,133
(k) Other Non-Current Assets	12,206	12,865
Total Non - Current Assets	157,198	144,227
Current Assets		
(a) Inventories	408	242
(b) Financial Assets		
(i) Investments	83,241	96,619
(ii) Trade Receivables	65,006	64,728
(iii) Cash and Cash Equivalents	28,771	26,904
(iv) Other Balances with Banks	1,599	1,448
(v) Other Financial Assets	41,352	33,281
(c) Other Current Assets	31,714	29,331
Total Current Assets	252,091	252,553
Total Assets	409,289	396,780
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	4,377	4,370
(b) Other Equity	247,139	244,280
Equity Attributable to Owners of the Company	251,516	248,650
Non controlling Interest	4,137	3,795
Total Equity	255,653	252,445
Liabilities		
Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	1,703	1,658
(ii) Lease liabilities	7,299	8,077
(iii) Other Financial Liabilities	6,134	9,225
(b) Provisions	8,878	7,810
(c) Deferred tax liabilities (Net)	1,071	761
(d) Other Non-Current Liabilities	1,530	1,725
Total Non - Current Liabilities	26,615	29,256
Current liabilities		
(a) Financial Liabilities		
(i) Borrowings	13,567	15,270
(ii) Lease liabilities	3,554	4,003
(iii) Trade Payables	36,959	27,850
(iv) Other Financial Liabilities	23,328	20,600
(b) Provisions	5,459	5,311
(c) Income Tax Liabilities (Net)	11,608	11,143
(d) Other Current Liabilities	20,242	18,598
Total Current Liabilities	114,717	102,775
Suspense Account (Net)	12,304	12,304
Total Equity and Liabilities and Suspense Account	409,289	396,780

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Consolidated Audited Interim Cash Flow Statement	Rs.in Million	
	Six months period ended	
	September 30, 2021	September 30, 2020
A Cash Flow from Operating Activities		
Profit Before Tax	36,924	26,925
Adjustments for :		
Depreciation and Amortisation Expense	6,741	7,549
Bad debts and advance written off, allowance/(reversal) of doubtful receivables / unbilled revenue and advances (net)	222	1,623
Share of (Profit) / Loss of Associates	10	(5)
Net (gain) / loss on disposal of Property, Plant and Equipment and Intangible Assets	(32)	5
Finance Costs	735	902
Unrealised Exchange (Gain) / Loss (net)	(1,898)	1,534
Share Based Payments to Employees	526	718
Interest Income	(424)	(1,401)
Rental Income	(158)	(230)
Dividend Income on Investments carried at fair value through profit and loss	(24)	(2)
Gain on Investments carried at fair value through profit and loss (net)	(1,878)	(525)
Change in fair valuation of Contractual Obligations	489	-
Gain on sale of subsidiary and dilution of Associate	-	(730)
	41,233	36,363
Net change in:		
Trade Receivables	2,865	10,374
Unbilled revenue and contract assets	(10,666)	6,392
Other financial assets and other assets	180	129
Trade Payables	6,869	(2,854)
Unearned revenue and deferred revenue	234	794
Other financial liabilities, other liabilities and provisions	1,322	958
	804	15,793
Cash generated from operating activities before taxes	42,037	52,156
Income taxes paid, net	(11,418)	(5,862)
Net cash generated from operating activities (A)	30,619	46,294
B Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment and Intangible Assets	(3,307)	(4,530)
Proceeds from Sale of Property, Plant and Equipment, Investment property and Intangible Assets	90	142
Purchase of Mutual Funds, Debentures and Other Investments	(129,100)	(131,408)
Proceeds from sale / redemption of Mutual Funds, Debentures and Other Investments	142,440	120,421
Payment for acquisition of business and Non Controlling Interest , net of cash acquired	(9,356)	(5,896)
Proceeds from sale of subsidiary	725	-
Rental Income	3	136
Fixed Deposit/ Margin Money Placed	(1,207)	(15,746)
Fixed Deposit/ Margin Money Realized	1,045	4,679
Interest Income Received	626	1,769
Net cash generated / (used in) from investing activities (B)	1,959	(30,433)
C Cash Flow from Financing Activities		
Proceeds from issuance of equity shares from exercise of stock options	430	184
Payment of dividend	(26,535)	(4,396)
Transaction with Non Controlling Interest	307	-
Proceeds from Long-Term Borrowings	1,108	1,382
Repayment of Long-Term Borrowings	(1,068)	(2,858)
Movement in Short-Term Borrowings (net)	(1,909)	(6,527)
Repayment of lease liabilities	(2,836)	(1,446)
Finance Costs paid	(428)	(937)
Net cash (used in) financing activities (C)	(30,931)	(14,598)
Net Increase / (decrease) in cash and cash equivalents during the period (D=A+B+C)	1,647	1,263
Effect of exchange rate changes on cash and cash equivalents (E)	220	108
Cash and Cash Equivalents at the beginning of the period (F)	26,904	30,167
Cash and Cash Equivalents at the end of the period (G=D+E+F)	28,771	31,538

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Consolidated Audited Interim Financial Results for the quarter and six months period ended September 30, 2021

Notes :

- 1 These results have been prepared on the basis of the consolidated audited condensed interim financial statements which are prepared in accordance with the Ind AS notified under the Companies (Indian Accounting Standards) Rules 2015. The quarterly and six months period 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 October 25, 2021.
- 2 The Board of Directors at its meeting held on October 25, 2021, has declared a special dividend of Rs. 15 per equity share on face value of Rs. 5/- (300%).
- 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 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)'.

4 Pursuant to a share purchase agreement, 100% stake in DigitalOnUs Inc. was acquired on May 07, 2021 for a consideration of USD 104.51 million (Rs. 7,904 million) out of which USD 90.5 million (Rs. 6,845 million) was paid upfront.
Further, 100% stake in Event Solution Group LLC was acquired on June 18, 2021 for a consideration of USD 37.29 million (Rs. 2,762 million) out of which USD 33.67 million (Rs. 2,494 million) was paid upfront.

5 Tax expense for the six months period ended September 30, 2021 is net of reversals of Rs. 311 Million of earlier periods. (Quarter ended "QE" September 30, 2021 includes Rs. 79 Million tax expense of earlier periods) (QE June 30, 2021 includes Rs. 390 Million reversals of earlier periods) (QE September 30, 2020: Rs. Nil) (Six months period ended September 30, 2020: Rs. Nil). Tax expense for the year ended March 31, 2021 is net of reversals of Rs. 793 Million of earlier periods.

6 Previous period's figures have been regrouped wherever necessary.
- 7 **Emphasis of Matter**
The Emphasis of Matter in the Auditor's Report:
With relation to Note 3 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 consolidated audited interim financial results.

8 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 : October 25, 2021
Place : Mumbai

C. P. Gurnani
Managing Director & CEO