

Tech Mahindra Limited

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

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

	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
1	Revenue from Operations	84,649	79,315	74,044	163,964	145,691	296,409
2	Other Income	6,500	2,397	1,570	8,897	4,285	9,218
3	Total Income (1 + 2)	91,149	81,712	75,614	172,861	149,976	305,627
4	Expenses						
	Employee Benefit Expenses	26,959	26,019	23,090	52,978	45,638	91,626
	Subcontracting Expenses	32,656	29,837	29,266	62,493	58,881	113,206
	Finance Costs	145	181	154	326	337	632
	Depreciation and Amortisation Expense	1,576	1,535	1,701	3,111	3,387	6,623
	Other Expenses	9,770	9,445	8,827	19,215	18,138	36,835
	Impairment of non-current investments (Refer note 4)	-	1,434	-	1,434	-	1,439
	Total Expenses	71,106	68,451	63,038	139,557	126,381	250,361
5	Profit before Tax (3 - 4)	20,043	13,261	12,576	33,304	23,595	55,266
6	Tax Expense (Refer note 5)						
	Current Tax	4,180	3,930	3,265	8,110	6,517	13,604
	Deferred Tax	268	(531)	(304)	(263)	(1,079)	(729)
	Total Tax Expense	4,448	3,399	2,961	7,847	5,438	12,875
7	Profit after tax (5 - 6)	15,595	9,862	9,615	25,457	18,157	42,391
8	Other Comprehensive Income / (Loss)						
	A. Items that will not be reclassified to Profit or (Loss) (net of taxes)	(38)	(64)	40	(102)	66	7
	B. Items that will be reclassified to Profit or (Loss) (net of taxes)	1,804	(573)	1,351	1,231	1,826	2,446
	Total Other Comprehensive Income / (Loss) (A+B)	1,766	(637)	1,391	1,129	1,892	2,453
9	Total Comprehensive Income (7 + 8)	17,361	9,225	11,006	26,586	20,049	44,844
10	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,849	4,845	4,833	4,849	4,833	4,841
11	Total Reserves						245,317
12	Earnings Per Equity Share in Rs.						
	<i>EPS for the quarter and six months ended periods are not annualised</i>						
	- Basic	16.05	10.16	9.93	26.20	18.76	43.76
	- Diluted	15.94	10.09	9.88	26.01	18.66	43.41

Tech Mahindra Limited

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

Standalone Audited Interim Financial Results for the quarter and six months period ended 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	17,744	18,524
(b) Capital Work-in-Progress	1,592	1,114
(c) Right-of-Use Asset	5,057	4,680
(d) Investment Property	846	891
(e) Goodwill	167	167
(f) Intangible Assets	6,056	6,215
(g) Financial Assets		
(i) Investments	84,162	74,982
(ii) Trade Receivables	-	-
(iii) Other Financial Assets	5,407	3,827
(h) Income Tax Assets (Net)	15,973	15,069
(i) Deferred Tax Assets (Net)	3,599	4,054
(j) Other Non-Current Assets	5,199	4,022
Total Non - Current Assets	145,802	133,545
Current Assets		
(a) Financial Assets		
(i) Investments	74,577	90,542
(ii) Trade Receivables	53,091	51,526
(iii) Cash and Cash Equivalents	9,225	9,880
(iv) Other Balances with Banks	765	621
(v) Loans	74	73
(vi) Other Financial Assets	34,834	28,468
(b) Other Current Assets	20,472	19,092
Total Current Assets	193,038	200,202
Total Assets	338,840	333,747
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	4,849	4,841
(b) Other Equity	243,793	245,317
Total Equity	248,642	250,158
Liabilities		
Non-current liabilities		
(a) Financial Liabilities		
(i) Lease liabilities	3,725	3,497
(ii) Other Financial Liabilities	1,368	2,462
(b) Provisions	5,741	4,930
(c) Other Non-Current Liabilities	585	783
Total Non - Current Liabilities	11,419	11,672
Current liabilities		
(a) Financial Liabilities		
(i) Lease Liabilities	1,776	1,691
(ii) Trade Payables		
(1) Dues of micro and small enterprises	43	53
(2) Dues of creditors other than micro and small enterprises	29,525	25,225
(iii) Other Financial Liabilities	10,512	10,414
(b) Provisions	2,614	2,098
(c) Income Tax Liabilities (Net)	9,143	8,545
(d) Other Current Liabilities	12,862	11,587
Total Current Liabilities	66,475	59,613
Suspense Account (Net)	12,304	12,304
Total Equity and Liabilities and Suspense Account	338,840	333,747

Tech Mahindra Limited

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

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

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

Standalone Audited Interim Cash Flow Statement	Rs. in Million	
	Six months period ended	
	September 30, 2021	September 30, 2020
Particulars		
Cash Flow from Operating Activities		
Profit before Tax	33,304	23,595
Adjustments for :		
Depreciation and Amortization Expense	3,111	3,387
Bad debts and advance written off, allowance/(reversal) of doubtful receivables/unbilled revenue and advances (net)	(45)	1,651
Net (gain)/loss on disposal of Property, Plant and Equipment and Intangible Assets	(7)	(7)
Finance Costs	325	337
Unrealized Exchange (gain)/Loss (net)	(1,293)	1,918
Share Based Payments to Employees	405	551
Impairment of non current investments	1,434	-
Interest Income	(373)	(1,298)
Rental Income	(127)	(154)
Dividend Income on Investments / Distributions from benefit trust	(3,911)	(448)
Gain on investments carried at fair value through profit and loss (net)	(1,809)	(465)
Loss on fair valuation of contractual obligation	489	-
	31,503	29,067
Net change in:		
Trade Receivables	(951)	4,885
Unbilled revenue and contract assets	(8,893)	5,138
Other financial assets and other assets	(585)	550
Trade Payables	4,235	(892)
Unearned revenue and deferred revenue	(13)	3,220
Other financial liabilities, other liabilities and provisions	2,455	(866)
	(3,752)	12,035
Cash generated from operating activities before taxes	27,751	41,102
Income taxes paid, net	(8,416)	(3,879)
Net cash generated from Operating activities (A)	19,335	37,223
Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment and Intangible Assets	(1,889)	(2,611)
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	18	15
Purchase of Mutual Funds, Debentures and Other Investments	(116,373)	(126,611)
Proceeds from sale/ redemption of Mutual Funds, Debentures and Other Investments	132,353	108,121
Dividend Income on Investments / Distributions from benefit trust	3,911	448
Investment in Associate, Subsidiaries and Non Controlling Interest (including payment towards acquisition of business(net of cash acquired))	(9,137)	(5,167)
Rental Income	67	73
Fixed Deposit / Margin Money Placed	(196)	(15,537)
Fixed Deposit / Margin Money Realized	68	4,379
Interest income received	510	1,701
Net cash generated from/(used in) Investing activities (B)	9,332	(35,189)
Cash Flow from Financing Activities		
Proceeds from issuance of equity shares from exercise of stock options	430	185
Payment of dividend	(29,075)	(4,833)
Repayment of lease liabilities	(636)	(707)
Finance costs paid	(260)	(337)
Net cash from/(used in) Financing activities (C)	(29,541)	(5,692)
Net Increase/(decrease) in cash and cash equivalents during the period (D) = (A+B+C)	(874)	(3,658)
Effect of exchange rate changes on cash and cash equivalents (E)	219	125
Cash and Cash Equivalents at the beginning of the period (F)	9,880	18,038
Cash and Cash Equivalents at the end of the period (G) = (D+E+F)	9,225	14,505

Tech Mahindra Limited

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

Standalone 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 standalone 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 The Company based on the performance of its subsidiaries and relevant economic and market indicators has assessed the recoverable amount of investment in certain subsidiaries. Consequently, the Company has recognised an impairment of Rs.1,434 million in the statement of profit and loss for the six months period ended September 30, 2021. (Quarter Ended ("QE") September 30,2021: Rs. Nil) (QE June 30, 2021: Rs. 1,434 million) (QE September 30, 2020: Rs. Nil) (Six months period ended September 30, 2020: Rs. Nil) (Year ended March 31, 2021: Rs.1,439 million).

5 Tax expense for the six months period ended September 30, 2021 is net of reversals of Rs. 818 Million of earlier periods. (Quarter ended "QE" September 30, 2021: Rs. 384 Million) (QE June 30, 2021: Rs. 434 Million) (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. 201 Million of earlier periods.

6 Emphasis of Matter

The Emphasis of Matter in the Auditors' 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 standalone audited interim financial results.

7 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