

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, 2022

Rs. in Million except Earnings per share

	Particulars	Quarter ended			Six months period ended		Year ended
		Sep 30, 2022 (Audited)	June 30, 2022 (Audited)	Sep 30, 2021 (Audited)	September 30, 2022 (Audited)	September 30, 2021 (Audited)	March 31, 2022 (Audited)
1	Revenue from Operations	131,295	127,079	108,813	258,374	210,789	446,460
2	Other Income	2,902	1,221	2,821	4,123	5,694	11,123
3	Total Income (1 + 2)	134,197	128,300	111,634	262,497	216,483	457,583
4	Expenses						
	Employee Benefits Expense	68,951	65,503	54,165	134,454	105,781	222,859
	Subcontracting Expense	20,246	20,657	16,672	40,903	31,764	69,571
	Finance Costs	790	403	354	1,193	735	1,626
	Depreciation and Amortisation Expense	4,917	4,767	3,430	9,684	6,741	15,204
	Other Expenses	22,257	22,118	18,024	44,375	34,528	73,830
	Impairment of Goodwill and non-current assets (Refer note 6)	244	-	-	244	-	-
	Total Expenses	117,405	113,448	92,645	230,853	179,549	383,090
5	Profit before share in profit/(loss) of associates/joint ventures and tax (3-4)	16,792	14,852	18,989	31,644	36,934	74,493
6	Share in Profit / (Loss) of Associates / Joint Venture	(153)	3	(8)	(150)	(10)	28
7	Profit before Tax (5 + 6)	16,639	14,855	18,981	31,494	36,924	74,521
8	Tax Expense (Refer note 7)						
	Current Tax	4,982	4,259	5,613	9,241	10,458	17,421
	Deferred Tax	(1,335)	(879)	(41)	(2,214)	(600)	799
	Total Tax Expense	3,647	3,380	5,572	7,027	9,858	18,220
9	Profit after tax (7 - 8)	12,992	11,475	13,409	24,467	27,066	56,301
	Profit for the period attributable to:						
	Owners of the Company	12,854	11,316	13,387	24,170	26,919	55,661
	Non Controlling Interests	138	159	22	297	147	640
10	Other Comprehensive Income / (Loss)						
	A. Items that will not be reclassified to Profit or (Loss) (net of taxes)	(56)	61	(47)	5	(128)	(81)
	B. Items that will be reclassified to Profit or (Loss) (net of taxes)	(103)	599	1,288	496	1,520	2,393
	Total Other Comprehensive Income / (Loss) (A+B)	(159)	660	1,241	501	1,392	2,312
11	Total Comprehensive Income (9 + 10)	12,833	12,135	14,650	24,968	28,458	58,613
	Total Comprehensive Income for the period attributable to:						
	Owners of the Company	12,724	12,031	14,670	24,755	28,299	57,949
	Non Controlling Interests	109	104	(20)	213	159	664
12	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,395	4,392	4,377	4,395	4,377	4,388
13	Total Reserves						264,469
14	Earnings Per Equity Share (Rs)						
	EPS for the quarter ended periods are not annualised						
	Basic	14.58	12.84	15.25	27.42	30.68	63.32
	Diluted	14.52	12.78	15.14	27.31	30.44	62.81

Standalone Information

(Amounts in INR Million)

Particulars	Quarter ended			Six months period ended		Year ended
	Sep 30, 2022 (Audited)	June 30, 2022 (Audited)	Sep 30, 2021 (Audited)	September 30, 2022 (Audited)	September 30, 2021 (Audited)	March 31, 2022 (Audited)
Revenue from Operations	104,798	99,651	84,649	204,449	163,964	347,261
Profit before Tax	14,962	11,458	20,043	26,420	33,304	62,846
Profit after Tax	11,619	8,822	15,595	20,441	25,457	49,131

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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

(Amounts in INR Million)

Particulars	Quarter ended			Six months period ended		Year ended
	Sep 30, 2022 (Audited)	June 30, 2022 (Audited)	Sep 30, 2021 (Audited)	September 30, 2022 (Audited)	September 30, 2021 (Audited)	March 31, 2022 (Audited)
Segment Revenue						
a) IT	113,984	111,015	95,758	224,999	185,916	391,852
b) BPO	17,311	16,064	13,055	33,375	24,873	54,608
Total Sales / Income from operations	131,295	127,079	108,813	258,374	210,789	446,460
Segment Profit before tax, interest and depreciation						
a) IT	17,150	16,062	17,574	33,212	33,818	69,344
b) BPO	2,690	2,739	2,378	5,429	4,898	10,856
Total	19,840	18,801	19,952	38,641	38,716	80,200
Less:						
(i) Finance costs	790	403	354	1,193	735	1,626
(ii) Other un-allocable expenditure, net off un-allocable income	2,259	3,546	609	5,805	1,047	4,081
Add:						
Share in Profit / (Loss) of Associates / Joint Venture	(153)	3	(8)	(150)	(10)	28
Profit before tax	16,639	14,855	18,981	31,494	36,924	74,521

Statement of Segment Assets and Liabilities	Sep 30, 2022 (Audited)	June 30, 2022 (Audited)	September 30, 2021 (Audited)	March 31, 2022 (Audited)
Segment Assets				
Trade and Other Receivables				
IT			126,594	117,498
BPO			14,358	15,179
Total Trade and Other Receivables			140,952	132,677
Goodwill				
IT			63,069	62,027
BPO			12,901	12,231
Total Goodwill			75,970	74,258
Unallocable Assets			239,671	241,772
TOTAL ASSETS	456,593	463,972	409,289	448,707
Segment Liabilities				
Unearned Revenue				
IT			9,136	10,006
BPO			1,181	1,455
Total Unearned Revenue			10,317	11,461
Unallocable Liabilities			173,788	163,435
TOTAL LIABILITIES	184,105	177,662	153,636	174,896

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 Financial Results for the quarter and six months period ended September 30, 2022

Consolidated Audited Interim Balance Sheet as at September 30, 2022

Rs. in Million

Particulars	As at September 30, 2022	As at March 31, 2022
ASSETS		
Non-Current Assets		
(a) Property, Plant and Equipment	25,661	26,823
(b) Capital Work-in-Progress	2,517	1,651
(c) Right-of-Use Asset	10,588	9,372
(d) Investment Property	767	797
(e) Goodwill	75,970	74,258
(f) Other Intangible Assets	34,572	36,586
(g) Investment accounted using Equity method	1,645	1,969
(h) Financial Assets		
(i) Investments	4,480	2,510
(ii) Trade Receivables		
(1) Billed	10	9
(2) Unbilled	44	136
(iii) Loans	6,504	4,732
(iv) Other Financial Assets	26,449	25,137
(i) Income Tax Assets (Net)	10,590	8,191
(j) Deferred Tax Assets (Net)	8,742	11,979
(k) Other Non-Current Assets		
Total Non - Current Assets	208,539	204,150
Current Assets		
(a) Inventories	183	405
(b) Financial Assets		
(i) Investments	25,266	44,359
(ii) Trade Receivables		
(1) Billed	74,297	74,676
(2) Unbilled	49,779	44,658
(iii) Cash and Cash Equivalents	45,544	37,889
(iv) Other Balances with Banks	1,734	1,856
(v) Loans	509	-
(vi) Other Financial Assets	9,137	6,750
(c) Other Current Assets	41,605	33,964
	248,054	244,557
Total Assets	456,593	448,707
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	4,395	4,388
(b) Other Equity	263,474	264,469
Equity Attributable to Owners of the Company	267,869	268,857
Non controlling Interest	4,619	4,954
Total Equity	272,488	273,811
Liabilities		
Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	1,393	1,420
(ii) Lease liabilities	7,936	7,200
(iii) Other Financial Liabilities	9,065	14,780
(b) Provisions	8,756	8,811
(c) Deferred tax Liabilities (Net)	4,265	4,552
(d) Other Non-Current Liabilities	453	781
Total Non - Current Liabilities	31,868	37,544
Current liabilities		
(a) Financial Liabilities		
(i) Borrowings	15,419	14,397
(ii) Lease liabilities	3,553	3,167
(iii) Trade Payables	42,258	40,947
(iv) Other Financial Liabilities	41,856	30,244
(b) Provisions	6,641	6,716
(c) Income Tax Liabilities (Net)	12,152	10,441
(d) Other Current Liabilities	18,054	19,136
Total Current Liabilities	139,933	125,048
Suspense Account (Net)	12,304	12,304
Total Equity and Liabilities and Suspense Account	456,593	448,707

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Consolidated Audited Interim Cash Flow Statement

Rs.in Million

	Six months period ended	
	September 30, 2022	September 30, 2021
A Cash Flow from Operating Activities		
Profit Before Tax	31,494	36,924
Adjustments for :		
Depreciation and Amortisation Expense	9,684	6,741
Bad debts and advance written off, allowance/(reversal) of doubtful receivables / unbilled revenue and advances (net)	1,227	222
Share of (Profit) / Loss of Associates	150	10
Net (Gain) /Loss on disposal of Property, Plant and Equipment and Intangible Assets	12	(32)
Finance Costs	1,193	735
Unrealised Exchange Loss / (Gain) (net)	(309)	(1,898)
Share Based Payments to Employees	380	526
Interest Income	(659)	(424)
Rental Income	(111)	(158)
Dividend Income on Investments carried at fair value through profit and loss	(18)	(24)
Gain on Investments carried at fair value through profit and loss (net)	(517)	(1,878)
Change in fair valuation of contractual obligations	1,351	489
Impairment of Goodwill and Non Current Assets	244	-
	44,121	41,233
Net change in:		
Trade Receivables and Contract assets	(9,385)	(7,801)
Other financial assets and other assets	(2,306)	180
Trade Payables	1,151	6,869
Unearned revenue and deferred revenue	(1,065)	234
Other financial liabilities, other liabilities and provisions	8,016	1,322
	(3,589)	804
Cash generated from operating activities before taxes	40,532	42,037
Income taxes paid, net	(8,823)	(11,418)
Net cash generated from operating activities (A)	31,709	30,619
B Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment and Intangible Assets	(4,305)	(3,307)
Proceeds from Sale of Property, Plant and Equipment, Investment property and Intangible Assets	49	90
Purchase of Mutual Funds, Debentures and Other Investments	(124,931)	(129,100)
Proceeds from sale / redemption of Mutual Funds, Debentures and Other Investments	142,773	142,440
Payment for acquisition of Business and Non Controlling Interest , net of cash acquired	(9,200)	(9,356)
Proceeds from sale of subsidiary	-	725
Rental Income	279	3
Fixed Deposit/ Margin Money Placed	(1,267)	(1,207)
Fixed Deposit/ Margin Money Realized	1,367	1,045
Interest Income Received	648	626
Net cash generated / (used in) from investing activities (B)	5,413	1,959
C Cash Flow from Financing Activities		
Proceeds from issuance of equity shares from exercise of stock options	312	430
Payment of dividend	(26,639)	(26,535)
Transaction with Non Controlling Interest	-	307
Proceeds from Long-Term Borrowings	89	1,108
Repayment of Long-Term Borrowings	(7)	(1,068)
Movement in Short-Term Borrowings (net)	31	(1,909)
Repayment of lease liabilities	(2,359)	(2,836)
Finance Costs paid	(975)	(428)
Net cash (used in) financing activities (C)	(29,548)	(30,931)
Net Increase in cash and cash equivalents during the period (D=A+B+C)	7,574	1,647
Effect of exchange rate changes on cash and cash equivalents (E)	81	220
Cash and Cash Equivalents at the beginning of the period (F)	37,889	26,904
Cash and Cash Equivalents at the end of the period (G=D+E+F)	45,544	28,771

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 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 November 1, 2022.

2 The Board of Directors at its meeting held on November 1, 2022, has declared a Special Dividend of Rs. 18 per equity share on face value of Rs. 5/- (360%).

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 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.

4 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 adjustment for cash and net working capital. The remaining consideration is linked to performance conditions.

5 During the period ended September 30, 2022, 1,325,921 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. 7 Million and security premium by Rs. 272 Million.

6 The Company based on the performance of its subsidiaries and relevant economic and market indicators has assessed the goodwill outstanding in the books of accounts and the underlying cash generating unit ('CGU') to which the goodwill is allocated, assessed the recoverable amount of certain CGUs to be lower than their carrying value. Consequently the Company recognized an impairment of INR 244 Million in statement of profit and loss for the six months period ended September 30, 2022

7 Tax expense for the six months period ended September 30, 2022 is net of reversals of Rs. 114 million of earlier periods. (Quarter ended "QE" June 30, 2022: Rs. Nil) (QE September 30, 2021: Rs. 79 million) (Six months period ended September 30, 2021: Rs. 311 million). Tax expense for the year ended March 31, 2022 is net of reversals of Rs. 126 Million of earlier periods.

8 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), 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 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 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 interim financial results.

9 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 : November 1, 2022

Place : Mumbai

C. P. Gurnani
Managing Director & CEO