

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, 2022

	Particulars	Quarter ended			Six months period ended		Year ended
		Sep 30, 2022 (Audited)	June 30, 2022 (Audited)	September 30, 2021 (Audited)	September 30, 2022 (Audited)	September 30, 2021 (Audited)	March 31, 2022 (Audited)
1	Revenue from Operations	104,798	99,651	84,649	204,449	163,964	347,261
2	Other Income	7,719	1,186	6,500	8,905	8,897	15,228
3	Total Income (1 + 2)	112,517	100,837	91,149	213,354	172,861	362,489
4	Expenses						
	Employee Benefit Expenses	35,614	32,869	26,959	68,483	52,978	110,542
	Subcontracting Expenses	44,665	42,602	32,656	87,267	62,493	138,588
	Finance Costs	343	251	145	594	326	636
	Depreciation and Amortisation Expense	1,895	1,860	1,576	3,755	3,111	6,599
	Other Expenses	10,867	11,797	9,770	22,664	19,215	38,609
	Impairment of non-current investments (Refer note 6)	4,171	-	-	4,171	1,434	4,669
	Total Expenses	97,555	89,379	71,106	186,934	139,557	299,643
5	Profit before Tax (3 - 4)	14,962	11,458	20,043	26,420	33,304	62,846
6	Tax Expense (Refer note 5)						
	Current Tax	3,451	2,865	4,180	6,316	8,110	12,409
	Deferred Tax	(108)	(229)	268	(337)	(263)	1,306
	Total Tax Expense	3,343	2,636	4,448	5,979	7,847	13,715
7	Profit after tax (5 - 6)	11,619	8,822	15,595	20,441	25,457	49,131
8	Other Comprehensive Income / (Loss)						
	A. Items that will not be reclassified to Profit or (Loss) (net of taxes)	(1)	34	(38)	33	(102)	(252)
	B. Items that will be reclassified to Profit or (Loss) (net of taxes)	326	226	1,804	552	1,231	1,333
	Total Other Comprehensive Income / (Loss) (A+B)	325	260	1,766	585	1,129	1,081
9	Total Comprehensive Income (7 + 8)	11,944	9,082	17,361	21,026	26,586	50,212
10	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,866	4,863	4,849	4,866	4,849	4,859
11	Total Reserves						253,633
12	Earnings Per Equity Share in Rs.						
	<i>EPS for the quarter ended periods are not annualised</i>						
	- Basic	11.91	9.05	16.05	20.95	26.20	50.48
	- Diluted	11.86	9.00	15.94	20.87	26.01	50.11

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Standalone Audited Interim Balance Sheet as at September 30, 2022

Particulars	Rs. in Million	
	As at September 30, 2022	As at March 31, 2022
ASSETS		
Non-Current Assets		
(a) Property, Plant and Equipment	19,162	19,812
(b) Capital Work-in-Progress	2,064	1,322
(c) Right-of-Use Asset	4,714	4,659
(d) Investment Property	766	797
(e) Goodwill	318	318
(f) Other Intangible Assets	5,544	6,158
(g) Financial Assets		
(i) Investments	112,767	115,649
(ii) Trade Receivables	-	-
(iii) Other Financial Assets	4,391	3,102
(h) Income Tax Assets (Net)	21,285	19,838
(i) Deferred Tax Assets (Net)	2,621	2,481
(j) Other Non-Current Assets	6,069	6,262
Total Non - Current Assets	179,701	180,398
Current Assets		
(a) Financial Assets		
(i) Investments	21,834	32,563
(ii) Trade Receivables		
(1) Billed	63,098	60,276
(2) Unbilled	40,855	36,382
(iii) Cash and Cash Equivalents	19,116	11,944
(iv) Other Balances with Banks	978	1,124
(v) Loans	509	-
(vi) Other Financial Assets	8,321	6,930
(b) Other Current Assets	26,827	20,431
Total Current Assets	181,538	169,650
Total Assets	361,239	350,048
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	4,866	4,859
(b) Other Equity	246,243	253,633
Total Equity	251,109	258,492
Liabilities		
Non-current liabilities		
(a) Financial Liabilities		
(i) Lease liabilities	3,262	3,441
(ii) Other Financial Liabilities	2,794	2,956
(b) Provisions	5,496	5,845
(c) Other Non-Current Liabilities	453	646
Total Non - Current Liabilities	12,005	12,888
Current liabilities		
(a) Financial Liabilities		
(i) Lease liabilities	1,800	1,734
(ii) Trade Payables		
(1) Dues of micro and small enterprises	167	180
(2) Dues of creditors other than micro and small enterprises	39,054	30,612
(iii) Other Financial Liabilities	23,388	14,349
(b) Provisions	2,731	2,664
(c) Income Tax Liabilities (Net)	10,002	8,335
(d) Other Current Liabilities	8,679	8,490
Total Current Liabilities	85,821	66,364
Suspense Account (Net)	12,304	12,304
Total Equity and Liabilities and Suspense Account	361,239	350,048

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Standalone Audited Interim Cash Flow Statement	Rs. in Million	
	Six months period ended	
Particulars	Sep 30, 2022 (Audited)	September 30, 2021 (Audited)
Cash Flow from Operating Activities		
Profit before Tax	26,420	33,304
Adjustments for :		
Depreciation and Amortization Expense	3,755	3,111
Bad debts and advance written off, allowance/(reversal) of doubtful receivables/unbilled revenue and advances (net)	1,189	(45)
Net (gain)/loss on disposal of Property, Plant and Equipment and Intangible Assets	24	(7)
Finance Costs	594	325
Unrealized Exchange (gain)/Loss (net)	(350)	(1,293)
Share Based Payments to Employees	326	405
Impairment of non current investments	4,171	1,434
Interest Income	(576)	(373)
Rental Income	(81)	(127)
Dividend Income on Investments / Distributions from Subsidiaries	(5,364)	(3,911)
Gain on investments carried at fair value through profit and loss (net)	(392)	(1,809)
Loss on fair valuation of contractual obligation	-	489
	29,716	31,503
Net change in:		
Trade Receivable and contract assets	(13,167)	(9,844)
Other financial assets and other assets	(2,671)	(585)
Trade Payables	8,372	4,235
Unearned revenue and deferred revenue	16	(13)
Other financial liabilities, other liabilities and provisions	8,433	2,455
	983	(3,752)
Cash generated from operating activities before taxes	30,699	27,751
Income taxes paid, net	(6,096)	(8,416)
Net cash generated from Operating activities (A)	24,603	19,335
Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment and Intangible Assets	(2,345)	(1,889)
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	5	18
Purchase of Mutual Funds, Debentures and Other Investments	(119,946)	(116,373)
Proceeds from sale/ redemption of Mutual Funds, Debentures and Other Investments	133,347	132,353
Dividend Income on Investments / Distributions from Subsidiaries	10,397	3,911
Investment in Subsidiaries	(9,114)	(9,137)
Loans to related party	(509)	-
Rental Income	254	67
Fixed Deposit / Margin Money Placed	(612)	(196)
Fixed Deposit / Margin Money Realized	759	68
Interest income received	571	510
Net cash generated from/(used in) Investing activities (B)	12,807	9,332
Cash Flow from Financing Activities		
Proceeds from issuance of equity shares from exercise of stock options	312	430
Payment of dividend	(29,184)	(29,075)
Repayment of lease liabilities	(859)	(636)
Finance costs paid	(594)	(260)
Net cash from/(used in) Financing activities (C)	(30,325)	(29,541)
Net increase/(decrease) in cash and cash equivalents during the period (D) = (A+B+C)	7,085	(874)
Effect of exchange rate changes on cash and cash equivalents (E)	87	219
Cash and Cash Equivalents at the beginning of the period (F)	11,944	9,880
Cash and Cash Equivalents at the end of the period (G) = (D+E+F)	19,116	9,225

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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 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 recoverable amount of investment in certain subsidiaries. Consequently, the Company has recognised an impairment of Rs. 4,171 million in the statement of profit and loss for the six months period ended September 30, 2022. (Quarter Ended ("QE") September 30, 2022: Rs. 4,171 million) (QE June 30, 2022 : Rs. Nil) (QE September 30, 2021: Rs. Nil) (Six months period ended September 30, 2021: Rs. 1,434) (Year ended March 31, 2022: Rs.4,669 million).

7 Tax expense for the six months period ended September 30, 2022 is net of reversals of Rs. Nil of earlier periods. (Quarter ended "QE" June 30, 2022: Rs. Nil) (QE September 30, 2021: Rs. 384 million) (Six months period ended September 30, 2021: Rs. 818 million). Tax expense for the year ended March 31, 2022 is net of reversals of Rs. 690 Million of earlier periods.

8 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 1 April 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 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 standalone interim financial results.

9 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 : November 1, 2022

Place : Mumbai

C. P. Gurnani
Managing Director & CEO