

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, 2023

		(Rs. in Million except earnings per share)					
	Particulars	Quarter ended			Six months period ended		Year ended
		September 30, 2023 (Audited)	June 30, 2023 (Audited)	September 30, 2022 (Audited)	September 30, 2023 (Audited)	September 30, 2022 (Audited)	March 31, 2023 (Audited)
1	Revenue from Operations	128,639	131,590	131,295	260,229	258,374	532,902
2	Other Income	2,642	1,917	2,902	4,559	4,123	9,650
3	Total Income (1 + 2)	131,281	133,507	134,197	264,788	262,497	542,552
4	Expenses						
	Employee Benefits Expense	73,022	71,677	68,951	144,699	134,454	276,918
	Subcontracting Expense	15,921	18,425	20,246	34,346	40,903	80,002
	Finance Costs	975	1,197	790	2,172	1,193	3,256
	Depreciation and Amortisation Expense	4,657	4,466	4,917	9,123	9,684	19,567
	Other Expenses	28,973	28,108	22,257	57,081	44,375	95,694
	Impairment of Goodwill and non-current assets (Refer note 5)	1,495	-	244	1,495	244	2,370
	Total Expenses	125,043	123,873	117,405	248,916	230,853	477,807
5	Profit before share in profit/(loss) of associates/joint ventures and tax (3-4)	6,238	9,634	16,792	15,872	31,644	64,745
6	Share in Profit / (Loss) of Associates / Joint Venture	(85)	78	(153)	(7)	(150)	(290)
7	Profit before Tax (5 + 6)	6,153	9,712	16,639	15,865	31,494	64,455
8	Tax Expense (Refer note 6)						
	Current Tax	2,583	3,500	4,982	6,083	9,241	19,514
	Deferred Tax	(1,483)	(824)	(1,335)	(2,307)	(2,214)	(3,629)
	Total Tax Expense	1,100	2,676	3,647	3,776	7,027	15,885
9	Profit after tax (7 - 8)	5,053	7,036	12,992	12,089	24,467	48,570
	Profit for the period attributable to:						
	Owners of the Company	4,939	6,925	12,854	11,864	24,170	48,313
	Non Controlling Interests	114	111	138	225	297	257
10	Other Comprehensive Income / (Loss)						
	A. Items that will not be reclassified to Profit / (Loss) (net of taxes)	(46)	(2)	(56)	(48)	5	(11)
	B. Items that will be reclassified to Profit / (Loss) (net of taxes)	(1,105)	1,634	(103)	529	496	3,159
	Total Other Comprehensive Income / (Loss) (A+B)	(1,151)	1,632	(159)	481	501	3,148
11	Total Comprehensive Income (9 + 10)	3,902	8,668	12,833	12,570	24,968	51,718
	Total Comprehensive Income for the period attributable to:						
	Owners of the Company	3,792	8,557	12,724	12,349	24,755	51,376
	Non Controlling Interests	110	111	109	221	213	342
12	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,407	4,403	4,395	4,407	4,395	4,400
13	Total Reserves						274,845
14	Earnings Per Equity Share (Rs)						
	EPS for the quarter ended periods are not annualised						
	Basic	5.59	7.84	14.58	13.42	27.42	54.76
	Diluted	5.57	7.82	14.52	13.38	27.31	54.54

Standalone Information

Particulars	Quarter ended			Six months period ended		Year ended
	September 30, 2023 (Audited)	June 30, 2023 (Audited)	September 30, 2022 (Audited)	September 30, 2023 (Audited)	September 30, 2022 (Audited)	March 31, 2023 (Audited)
Revenue from Operations	104,397	106,972	105,986	211,369	207,312	426,573
Profit before Tax	5,869	7,286	13,061	13,155	25,301	49,041
Profit after Tax	5,558	5,595	9,562	11,153	18,963	37,775

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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

Rs. in Million

Particulars	Quarter ended			Six months period ended		Year ended
	September 30, 2023 (Audited)	June 30, 2023 (Audited)	September 30, 2022 (Audited)	September 30, 2023 (Audited)	September 30, 2022 (Audited)	March 31, 2023 (Audited)
Segment Revenue						
a) IT	109,322	112,128	113,984	221,450	224,999	460,972
b) BPO	19,317	19,462	17,311	38,779	33,375	71,930
Total Sales / Income from operations	128,639	131,590	131,295	260,229	258,374	532,902
Segment Profit before tax, interest and depreciation						
a) IT	7,182	10,200	17,150	17,382	33,212	67,664
b) BPO	3,541	3,180	2,690	6,721	5,429	12,622
Total	10,723	13,380	19,840	24,103	38,641	80,286
Less:						
(i) Finance costs	975	1,197	790	2,172	1,193	3,256
(ii) Other un-allocable expenditure, net off un-allocable income	3,510	2,549	2,259	6,059	5,805	12,286
Add:						
Share in Profit / (Loss) of Associates / Joint Venture	(85)	78	(153)	(7)	(150)	(290)
Profit before tax	6,153	9,712	16,639	15,865	31,494	64,455

Statement of Segment Assets and Liabilities	September 30, 2023 (Audited)	June 30, 2023 (Audited)	September 30, 2022 (Audited)	March 31, 2023 (Audited)
Segment Assets				
Trade and Other Receivables				
IT	119,831	125,841	126,594	130,490
BPO	16,991	16,664	14,358	16,149
Total Trade and Other Receivables	136,822	142,505	140,952	146,639
Goodwill				
IT	62,921	64,224	63,069	63,845
BPO	12,887	12,814	12,901	12,812
Total Goodwill	75,808	77,038	75,970	76,657
Unallocable Assets	222,277	241,838	239,671	238,237
TOTAL ASSETS	434,907	461,381	456,593	461,533
Segment Liabilities				
Unearned Revenue				
IT	10,217	10,494	9,136	10,710
BPO	676	695	1,181	798
Total Unearned Revenue	10,893	11,189	10,317	11,508
Unallocable Liabilities	155,439	157,352	173,788	166,078
TOTAL LIABILITIES AND SUSPENSE ACCOUNT	166,332	168,541	184,105	177,586

Segmental Capital Employed

Segregation of assets into primary segments has been done to the extent applicable. Segregation of remaining 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, 2023

Particulars	Rs. in Million	
	As at September 30, 2023	As at March 31, 2023
ASSETS		
Non-Current Assets		
(a) Property, Plant and Equipment	27,124	28,622
(b) Capital Work-in-Progress	1,244	836
(c) Right-of-Use Asset	10,008	10,972
(d) Investment Property	731	748
(e) Goodwill	75,808	76,657
(f) Other Intangible Assets	29,513	32,316
(g) Intangible Assets under development	655	361
(h) Investment accounted using Equity method	1,546	1,729
(i) Financial Assets		
(i) Investments	4,367	4,320
(ii) Trade Receivables		
(1) Billed	9	11
(iii) Loans	108	49
(iv) Other Financial Assets	2,952	3,318
(j) Current Tax Assets (Net)	30,180	30,537
(k) Deferred Tax Assets (Net)	14,966	12,965
(l) Other Non-Current Assets	8,755	13,765
Total Non - Current Assets	207,966	217,206
Current Assets		
(a) Inventories	290	236
(b) Financial Assets		
(i) Investments	21,573	27,832
(ii) Trade Receivables		
(1) Billed	73,429	81,424
(2) Unbilled	47,149	47,392
(iii) Cash and Cash Equivalents	37,125	40,563
(iv) Bank Balances other than (iii) above	2,469	1,984
(v) Other Financial Assets	4,502	4,999
(c) Other Current Assets	40,404	39,897
Total - Current Assets	226,941	244,327
Total Assets	434,907	461,533
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	4,407	4,400
(b) Other Equity	259,706	274,845
Equity Attributable to Owners of the Company	264,113	279,245
Non controlling Interest	4,462	4,702
Total Equity	268,575	283,947
Liabilities		
Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	1,279	1,288
(ii) Lease liabilities	7,240	7,903
(iii) Other Financial Liabilities	3,166	10,083
(b) Provisions	11,074	9,288
(c) Deferred tax Liabilities (Net)	3,003	3,261
(d) Other Non-Current Liabilities	312	249
Total Non - Current Liabilities	26,074	32,072
Current liabilities		
(a) Financial Liabilities		
(i) Borrowings	14,230	14,494
(ii) Lease liabilities	3,392	3,717
(iii) Trade Payables	42,530	43,846
(iv) Other Financial Liabilities	23,559	29,617
(b) Provisions	9,087	6,313
(c) Current Tax Liabilities (Net)	15,931	15,405
(d) Other Current Liabilities	19,225	19,818
Total Current Liabilities	127,954	133,210
Suspense Account (Net)	12,304	12,304
Total Equity and Liabilities and Suspense Account	434,907	461,533

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Consolidated Audited Interim Financial Results for the quarter and six months period ended September 30, 2023
Consolidated Audited Interim Cash Flow Statement

	Rs.in Million	
	Six months period ended	
	September 30, 2023	September 30, 2022
A Cash Flow from Operating Activities		
Profit Before Tax	15,865	31,494
Adjustments for :		
Depreciation and Amortisation Expense	9,123	9,684
Bad debts and advance written off, allowance/(reversal) of doubtful receivables / unbilled revenue and advances (net)	3,215	1,227
Share of (Profit) / Loss of Associates	7	150
Net (Gain) /Loss on disposal of Property, Plant and Equipment and Intangible Assets	(20)	12
Finance Costs	2,171	1,193
Unrealised Exchange Loss / (Gain) (net)	(1,252)	(309)
Share Based Payments to Employees	375	380
Interest Income	(1,164)	(659)
Rental Income	(108)	(111)
Dividend Income on Investments carried at fair value through profit and loss	(23)	(18)
Gain on Investments carried at fair value through profit and loss (net)	(764)	(517)
Change in fair valuation of contractual obligations	(820)	1,351
Impairment of Goodwill and Non Current Assets	1,495	244
	28,100	44,121
Net change in:		
Trade Receivables and Contract assets	7,665	(9,385)
Other financial assets and other assets	2,386	(2,306)
Trade Payables	(1,000)	1,151
Unearned revenue and deferred revenue	(609)	(1,065)
Other financial liabilities, other liabilities and provisions	(1,043)	8,016
	7,399	(3,589)
Cash generated from operating activities before taxes	35,499	40,532
Income taxes paid, net	(5,200)	(8,823)
Net cash generated from operating activities (A)	30,299	31,709
B Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment and Intangible Assets	(4,189)	(4,305)
Proceeds from Sale of Property, Plant and Equipment	253	49
Purchase of Mutual Funds, Debentures and Other Investments	(85,602)	(124,931)
Proceeds from sale / redemption of Mutual Funds, Debentures and Other Investments	92,569	142,773
Payment for acquisition of Business and Non Controlling Interest , net of cash acquired	(5,591)	(9,200)
Rental Income	615	279
Fixed Deposit/ Margin Money Placed	(1,123)	(1,267)
Fixed Deposit/ Margin Money Realized	832	1,367
Interest Income Received	1,213	648
Net cash used in investing activities (B)	(1,023)	5,413
C Cash Flow from Financing Activities		
Proceeds from issuance of equity shares from exercise of stock options	158	312
Payment of dividend	(28,478)	(26,639)
Proceeds from Long-Term Borrowings	409	89
Repayment of Long-Term Borrowings	(39)	(7)
Movement in Short-Term Borrowings (net)	(776)	31
Repayment of lease liabilities	(2,156)	(2,359)
Finance Costs paid	(1,752)	(975)
Net cash used in financing activities (C)	(32,634)	(29,548)
Net Increase in cash and cash equivalents during the period (D=A+B+C)	(3,358)	7,574
Effect of exchange rate changes on cash and cash equivalents (E)	(80)	81
Cash and Cash Equivalents at the beginning of the period (F)	40,563	37,889
Cash and Cash Equivalents at the end of the period (G=D+E+F)	37,125	45,544

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Consolidated Audited Interim Financial Results for the quarter and six months period ended September 30, 2023**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 October 25, 2023.

2 The Board of Directors at its meeting held on October 25, 2023, has declared a Interim Dividend of Rs. 12 per equity share on face value of Rs. 5/- (240%).

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 period ended September 30, 2023, 13,56,630 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 securities premium by Rs. 120 Million.

5 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. Further, based on performance and relevant economic and market indicators the Company has assessed recoverable amount of investment in associates. Consequently the Company recognized an impairment of Rs. 1,495 Million in statement of profit and loss for the quarter and six months period ended September 30, 2023 (Quarter ended "QE" June 30, 2023: Rs. Nil) (QE September 30, 2022: Rs. 244 Million) (Six months period ended September 30, 2022: Rs. 244 Million) (Year ended March 31, 2023: Rs. 2,370 Million)

6 Tax expense for the six months period ended September 30, 2023 is net of reversals of Rs. 647 Million (Quarter ended "QE" September 30, 2023 : Rs. 647 Million) (QE June 30, 2023: Rs. Nil) (QE September 30, 2022: Rs. Nil) (Six months period ended September 30, 2022: Rs. Nil) (Year ended March 31, 2023: Rs. 315 Million), relating to earlier periods consequent to the orders received by the Company pertaining to earlier periods.

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), 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 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 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 financial results.

8 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 : October 25, 2023

Place : Mumbai

C. P. Gurnani
Managing Director & CEO