

Tech Mahindra Limited

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Consolidated Unaudited Financial Results for the quarter and nine months period ended December 31, 2021

		Rs. in million except Earnings per share					
Particulars	Quarter ended			Nine months period ended		Year ended	
	December 31, 2021 (Unaudited)	September 30, 2021 (Audited)	December 31, 2020 (Audited)	December 31, 2021 (Unaudited)	December 31, 2020 (Audited)	March 31, 2021 (Audited)	
1 Revenue from Operations	114,508	108,813	96,471	325,297	281,252	378,551	
2 Other Income	2,231	2,821	2,209	7,925	7,545	7,871	
3 Total Income (1 + 2)	116,739	111,634	98,680	333,222	288,797	386,422	
4 Expenses							
Employee Benefits Expenses	56,602	54,165	49,688	162,383	146,018	192,973	
Subcontracting Expenses	18,742	16,672	11,997	50,506	37,376	49,743	
Finance Costs	339	354	421	1,074	1,323	1,740	
Depreciation and Amortisation Expense	3,621	3,430	3,584	10,362	11,133	14,577	
Other Expenses	18,564	18,024	15,831	53,092	48,868	67,365	
Impairment of Goodwill and non-current assets	-	-	-	-	-	507	
Total Expenses	97,868	92,645	81,521	277,417	244,718	326,905	
5 Profit before share in profit/(loss) of associates/joint ventures and tax (3-4)	18,871	18,989	17,159	55,805	44,079	59,517	
6 Share in Profit / (Loss) of Associates / Joint Venture	(7)	(8)	5	(17)	10	12	
7 Profit before Tax (5 + 6)	18,864	18,981	17,164	55,788	44,089	59,529	
8 Tax Expense (Refer note 5)							
Current Tax	5,597	5,613	4,746	16,055	12,999	18,115	
Deferred Tax	(515)	(41)	(483)	(1,115)	(1,998)	(2,116)	
Total Tax Expense	5,082	5,572	4,263	14,940	11,001	15,999	
9 Profit after tax (7 - 8)	13,782	13,409	12,901	40,848	33,088	43,530	
Profit for the period attributable to:							
Owners of the Company	13,685	13,387	13,098	40,604	33,467	44,280	
Non Controlling Interests	97	22	(197)	244	(379)	(750)	
10 Other Comprehensive Income / (Loss)							
A. Items that will not be reclassified to Profit or (Loss) (net of taxes)	(106)	(47)	(67)	(234)	1,610	1,586	
B. Items that will be reclassified to Profit or (Loss) (net of taxes)	(305)	1,288	(449)	1,215	1,004	2,651	
Total Other Comprehensive Income / (Loss) (A+B)	(411)	1,241	(516)	981	2,614	4,237	
11 Total Comprehensive Income (9 + 10)	13,371	14,650	12,385	41,829	35,702	47,767	
Total Comprehensive Income for the period attributable to:							
Owners of the Company	13,301	14,670	12,546	41,600	36,040	48,415	
Non Controlling Interests	70	(20)	(161)	229	(338)	(648)	
12 Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,382	4,377	4,366	4,382	4,366	4,370	
13 Total Reserves						244,280	
14 Earnings Per Equity Share (Rs)							
<i>EPS for the quarter and nine months ended periods are not annualised</i>							
Basic	15.58	15.25	14.98	46.23	38.29	50.64	
Diluted	15.46	15.14	14.87	45.87	37.99	50.19	

Standalone Information

Particulars	Quarter ended			Nine months period ended		Year ended
	December 31, 2021 (Unaudited)	September 30, 2021 (Audited)	December 31, 2020 (Audited)	December 31, 2021 (Unaudited)	December 31, 2020 (Audited)	March 31, 2021 (Audited)
Revenue from Operations	90,108	84,649	75,650	254,072	221,341	296,409
Profit before Tax	17,630	20,043	16,398	50,934	39,993	55,266
Profit after Tax	13,295	15,595	12,556	38,752	30,713	42,391

Consolidated Unaudited Financial Results for the quarter and nine months period ended December 31, 2021

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			Nine months period ended		Year ended
	December 31, 2021 (Unaudited)	September 30, 2021 (Audited)	December 31, 2020 (Audited)	December 31, 2021 (Unaudited)	December 31, 2020 (Audited)	March 31, 2021 (Audited)
Segment Revenue						
a) IT	100,010	95,758	85,905	285,926	253,766	340,495
b) BPO	14,498	13,055	10,566	39,371	27,486	38,056
Total Sales / Income from operations	114,508	108,813	96,471	325,297	281,252	378,551
Segment Profit before tax, interest and depreciation						
a) IT	17,580	17,574	16,447	51,398	43,898	60,421
b) BPO	3,020	2,378	2,508	7,918	5,092	8,049
Total	20,600	19,952	18,955	59,316	48,990	68,470
Less:						
(i) Finance costs	339	354	421	1,074	1,323	1,740
(ii) Other un-allocable expenditure, net off un-allocable income	1,390	609	1,375	2,437	3,588	7,213
Add:						
Share in Profit / (Loss) of Associates / Joint Venture	(7)	(8)	5	(17)	10	12
Profit before tax	18,864	18,981	17,164	55,788	44,089	59,529

Statement of Segment Assets and Liabilities	December 31, 2021 (Unaudited)	September 30, 2021 (Audited)	December 31, 2020 (Audited)	March 31, 2021 (Audited)
Segment Assets				
Trade and Other Receivables				
IT	111,954	98,996	90,863	89,331
BPO	15,033	12,178	10,294	11,201
Total Trade and Other Receivables	126,987	111,174	101,157	100,532
Goodwill				
IT	52,484	40,786	34,581	34,462
BPO	9,213	7,349	3,745	5,620
Total Goodwill	61,697	48,135	38,326	40,082
Unallocable Assets	236,789	249,980	250,378	256,166
TOTAL ASSETS	425,473	409,289	389,861	396,780
Segment Liabilities				
Unearned Revenue				
IT	8,168	6,732	7,040	6,503
BPO	1,220	1,195	976	1,197
Total Unearned Revenue	9,388	7,927	8,016	7,700
Unallocable Liabilities	159,969	145,709	141,114	136,635
TOTAL LIABILITIES	169,357	153,636	149,130	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.

Notes :

- 1 These consolidated unaudited financial results have been prepared in accordance with the Ind AS notified under the Companies (Indian Accounting Standards) Rules 2015. The quarterly and nine months period ended 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 February 01, 2022.
- 2 **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 (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 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.
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 "Suspense account (net)".
- 3 The Company and its subsidiaries, pursuant to a share purchase agreements, acquired 100% stake in:
- DigitalOnUs Inc., (USA) on May 07, 2021 for a total consideration of Rs. 8,880 million of which Rs. 6,845 million was paid upfront and balance linked to performance and employment conditions.
 - Eventus Solution Group LLC, (USA) on June 18, 2021 for a total consideration of Rs. 3,256 million of which Rs. 2,494 million was paid upfront and balance linked to performance and employment conditions.
 - Green Investments LLC, (USA) on December 31, 2021 for a total consideration of Rs. 9,250 million of which Rs. 6,942 million was paid upfront and balance linked to performance and employment conditions.
 - Infostar LLC, (USA) on October 25, 2021 for a total consideration of Rs. 7,770 million of which Rs. 4,327 million was paid upfront and balance linked to performance and employment conditions.
 - Activus Connect LLC, (USA) on December 03, 2021 for a total consideration of Rs. 4,588 million of which Rs. 2,960 million was paid upfront and balance linked to performance and employment conditions.
 - BrainScale Inc., (USA) on November 16, 2021 for a total consideration of Rs. 2,131 million of which Rs. 862 million was paid upfront and balance linked to performance and employment conditions.
 - We Make Websites Limited, (UK) on October 25, 2021 for a total consideration of Rs. 940 million of which Rs. 510 million was paid upfront and balance linked to performance conditions.
 - Beris Consulting GmbH, (Germany) on October 01, 2021 for a total consideration of Rs. 700 million of which Rs. 519 million was paid upfront and balance linked to performance conditions.
- As at December 31, 2021, the contractual obligation towards the aforesaid acquisitions amounts to Rs. 7,916 million
- 4 Subsequent to the balance sheet date, the Company has entered into share purchase agreement to acquire 100% stake in Com Tec Co IT Ltd, (UK) for a total consideration of Rs. 26,040 million, comprising of upfront and contingent consideration. Further, the Company acquired 25% stake in SWFT Technologies Ltd. and Surance Ltd. for a total consideration of Rs. 1,386 million and Rs. 294 million respectively.
- 5 Tax expense for the nine months period ended December 31, 2021 is net of reversals of Rs. 311 million relating to earlier periods. (Quarter ended "QE" December 31, 2021: NIL) (QE September 30, 2021 includes Rs. 79 million tax expense relating to earlier periods) (QE December 31, 2020: Rs. Nil) (Nine months period ended December 31, 2020: Rs. Nil). Tax expense for the year ended March 31, 2021 is net of reversals of Rs. 793 million relating to earlier periods.
- 6 Previous period's figures have been regrouped wherever necessary.
- 7 **Emphasis of Matter**
The Emphasis of Matter in the Auditor's Limited Review Report:
With relation to Note 2 in respect of certain matters relating to erstwhile Satyam Computer Services Limited (erstwhile Satyam), amalgamated with the 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 consolidated unaudited financial results.
- 8 The consolidated financial results of the Company for the current quarter and nine month period ended December 31, 2021 are unaudited and have been subject to review. However, the consolidated financial results for the previous periods including quarter ended September 30, 2021, nine month period ended December 31, 2020 and year ended March 31, 2021 have been subject to audit.
- 9 The consolidated unaudited 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 : February 1, 2022
Place : MumbaiC. P. Gurnani
Managing Director & CEO