

Tech Mahindra Limited

Registered Office : Gateway Building, Apollo Bunder, Mumbai 400 001. Website : www.techmahindra.com
 Email : investor.relations@techmahindra.com. CIN : L64200MH1986PLC041370
 Standalone 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	90,108	84,649	75,650	254,072	221,341	296,409
2	Other Income	4,059	6,500	2,863	12,956	7,148	9,218
3	Total Income (1 + 2)	94,167	91,149	78,513	267,028	228,489	305,627
4	Expenses						
	Employee Benefit Expenses	28,113	26,959	24,009	81,091	69,647	91,626
	Subcontracting Expenses	36,433	32,656	27,410	98,926	86,291	113,206
	Finance Costs	137	145	148	463	485	632
	Depreciation and Amortisation Expense	1,533	1,576	1,659	4,644	5,046	6,623
	Other Expenses	10,321	9,770	8,889	29,536	27,027	36,835
	Impairment of non-current investments (Refer note 5)	-	-	-	1,434	-	1,439
	Total Expenses	76,537	71,106	62,115	216,094	188,496	250,361
5	Profit before Tax (3 - 4)	17,630	20,043	16,398	50,934	39,993	55,266
6	Tax Expense (Refer note 6)						
	Current Tax	4,726	4,180	4,022	12,836	10,539	13,604
	Deferred Tax	(391)	268	(180)	(654)	(1,259)	(729)
	Total Tax Expense	4,335	4,448	3,842	12,182	9,280	12,875
7	Profit after tax (5 - 6)	13,295	15,595	12,556	38,752	30,713	42,391
8	Other Comprehensive Income / (Loss)						
	A. Items that will not be reclassified to Profit or (Loss) (net of taxes)	(98)	(38)	(45)	(200)	21	7
	B. Items that will be reclassified to Profit or (Loss) (net of taxes)	418	1,804	(526)	1,649	1,301	2,446
	Total Other Comprehensive Income / (Loss) (A+B)	320	1,766	(571)	1,449	1,322	2,453
9	Total Comprehensive Income (7 + 8)	13,615	17,361	11,985	40,201	32,035	44,844
10	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,853	4,849	4,837	4,853	4,837	4,841
11	Total Reserves						245,317
12	Earnings Per Equity Share in Rs.						
	<i>EPS for the quarter and nine months ended periods are not annualised</i>						
	- Basic	13.67	16.05	12.97	39.85	31.72	43.76
	- Diluted	13.57	15.94	12.88	39.56	31.49	43.41

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Notes :

- 1 These standalone 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, pursuant to a share purchase agreements, through its subsidiaries acquired 100% stake in:
 - i. 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.
 - ii. 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.
 - iii. 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.
 - iv. 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.
 - v. 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.
 - vi. 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.
 - vii. 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.
 - viii. 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.
- 4 Subsequent to the balance sheet date, the Company through its wholly owned subsidiary, 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 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 recognised an impairment of Rs.1,434 million in the statement of profit and loss for the nine months period ended December 31, 2021. (Quarter Ended ("QE") December 31,2021: Rs. Nil) (QE September 30, 2021: Rs. Nil) (QE December 31, 2020: Rs. Nil) (Nine months period ended December 31, 2020: Rs. Nil) (Year ended March 31, 2021: Rs.1,439 million).
- 6 Tax expense for the nine months period ended December 31, 2021 is net of reversals of Rs. 818 million relating to earlier periods. (Quarter ended "QE" December 31, 2021: Rs. Nil million) (QE September 30, 2021: Rs. 384 million) (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. 201 million relating to earlier periods.
- 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 standalone unaudited financial results.
- 8 The standalone 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 standalone 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 standalone 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 01, 2022
Place : Mumbai

C. P. Gurnani
Managing Director & CEO