

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 nine months period ended December 31, 2022

Particulars		Quarter ended			Nine months period ended		Year ended
		December 31, 2022 (Audited)	September 30, 2022 (Audited)	December 31, 2021 (Unaudited)	December 31, 2022 (Audited)	December 31, 2021 (Unaudited)	March 31, 2022 (Audited)
1	Revenue from Operations	109,876	105,986	92,793	317,188	262,006	357,611
2	Other Income	3,686	5,357	4,156	10,487	12,031	14,468
3	Total Income (1 + 2)	113,562	111,343	96,949	327,675	274,037	372,079
4	Expenses						
	Employee Benefit Expenses	38,181	37,470	29,830	110,325	86,186	117,298
	Subcontracting Expenses	43,032	42,943	36,358	127,328	98,633	137,957
	Finance Costs	585	378	148	1,239	498	689
	Depreciation and Amortisation Expense	1,952	2,098	1,731	6,108	5,243	7,403
	Other Expenses	14,714	11,222	10,642	38,103	30,352	39,772
	Impairment of non-current investments (Refer note 6)	-	4,171	-	4,171	1,434	4,669
	Total Expenses	98,464	98,282	78,709	287,274	222,346	307,788
5	Profit before Tax (3 - 4)	15,098	13,061	18,240	40,401	51,691	64,291
6	Tax Expense (Refer note 7)						
	Current Tax	3,277	3,650	4,864	9,985	13,041	12,812
	Deferred Tax	(223)	(151)	(374)	(592)	(683)	1,246
	Total Tax Expense	3,054	3,499	4,490	9,393	12,358	14,058
7	Profit after tax (5 - 6)	12,044	9,562	13,750	31,008	39,333	50,233
8	Other Comprehensive Income / (Loss)						
	A. Items that will not be reclassified to Profit or (Loss) (net of taxes)	68	(7)	(99)	79	(218)	(269)
	B. Items that will be reclassified to Profit or (Loss) (net of taxes)	(3,517)	310	370	(3,030)	1,817	1,470
	Total Other Comprehensive Income / (Loss) (A+B)	(3,449)	303	271	(2,951)	1,599	1,201
9	Total Comprehensive Income (7 + 8)	8,595	9,865	14,021	28,057	40,932	51,434
10	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,869	4,866	4,853	4,869	4,853	4,859
11	Total Reserves						257,238
12	Earnings Per Equity Share in Rs.						
	EPS for the quarter ended periods are not annualised						
	- Basic	12.34	9.80	14.14	31.77	40.44	51.62
	- Diluted	12.29	9.76	14.04	31.65	40.16	51.24

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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 nine 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 January 30, 2023.
- 2 The Board of Directors of the Company at its meeting held on January 29, 2021 had approved the Composite Scheme of Arrangement (the 'Scheme') for merger of Tech Mahindra Business Services Limited and Born Commerce Private Limited, two wholly owned subsidiary of the Company, with the Company.
The Scheme of Amalgamation by Absorption was approved by the NCLT Bench of Mumbai and Chennai, on January 5, 2023 and January 13, 2023 for the merger of the subsidiaries with the Company respectively. In accordance with the Scheme and IND AS 103, Appendix , the merger has been accounted on April 1, 2021 and accordingly, the financial results for the corresponding and comparative periods have been restated. The reserves and surplus has increased by Rs. 2,384 Million on April 1, 2021. The Company is in the process of completing its filings with the Registrar of Companies.
- 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 3, 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 December 31, 2022, 1,945,454 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. 10 Million and securities premium by Rs. 371 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 nine months period ended December 31, 2022. (Quarter Ended ("QE") December 31, 2022: Rs. Nil) (QE September 30, 2022 : Rs. 4,171 Million) (QE December 30, 2021: Rs. Nil) (nine months period ended December 31, 2021: Rs. 1,434 Million) (Year ended March 31, 2022: Rs. 4,669 Million).
- 7 Tax expense for the nine months period ended December 31, 2022 is net of reversals of Rs. 201 Million of earlier periods. (Quarter ended "QE" December 31, 2022: Rs. 201 Million) (QE September 30, 2022: Rs. Nil) (QE December 31, 2021: Rs. Nil) (nine months period ended December 31, 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 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 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 standalone financial result of the company for the quarter and nine month period ended December 31, 2021 are unaudited and have been subject to review, however the standalone financial result for the quarter and period ended December 31, 2022 and year ended March 31, 2022 have been subject to audit.
- 10 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 : January 30, 2023
Place : Mumbai

C. P. Gurnani
Managing Director & CEO