

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 nine months period ended December 31, 2023

(Rs. in Million except earnings per share)

	Particulars	Quarter ended			Nine months period ended		Year ended
		December 31, 2023 (Audited)	September 30, 2023 (Audited)	December 31, 2022 (Audited)	December 31, 2023 (Audited)	December 31, 2022 (Audited)	March 31, 2023 (Audited)
1	Revenue from Operations	131,013	128,639	137,346	391,242	395,720	532,902
2	Other Income	875	2,642	2,472	5,434	6,595	9,650
3	Total Income (1 + 2)	131,888	131,281	139,818	396,676	402,315	542,552
4	Expenses						
	Employee Benefits Expense	74,094	73,022	70,546	218,793	205,000	276,918
	Subcontracting Expense	15,094	15,921	19,741	49,440	60,644	80,002
	Finance Costs	1,165	975	1,129	3,337	2,322	3,256
	Depreciation and Amortisation Expense	4,434	4,657	4,981	13,557	14,665	19,567
	Other Expenses	30,361	28,973	25,619	87,442	69,994	95,694
	Impairment of Goodwill and non-current assets (Refer note 4)	-	1,495	-	1,495	244	2,370
	Total Expenses	125,148	125,043	122,016	374,064	352,869	477,807
5	Profit before share in profit/(loss) of associates/joint ventures and tax (3-4)	6,740	6,238	17,802	22,612	49,446	64,745
6	Share in Profit / (Loss) of Associates / Joint Venture	48	(85)	(90)	41	(240)	(290)
7	Profit before Tax (5 + 6)	6,788	6,153	17,712	22,653	49,206	64,455
8	Tax Expense (Refer note 5)						
	Current Tax	1,601	2,583	4,493	7,684	13,734	19,514
	Deferred Tax	(50)	(1,483)	366	(2,357)	(1,848)	(3,629)
	Total Tax Expense	1,551	1,100	4,859	5,327	11,886	15,885
9	Profit after tax (7 - 8)	5,237	5,053	12,853	17,326	37,320	48,570
	Profit for the period attributable to:						
	Owners of the Company	5,104	4,939	12,966	16,968	37,136	48,313
	Non Controlling Interests	133	114	(113)	358	184	257
10	Other Comprehensive Income / (Loss)						
	A. Items that will not be reclassified to Profit / (Loss) (net of taxes)	(45)	(46)	13	(93)	18	(11)
	B. Items that will be reclassified to Profit / (Loss) (net of taxes)	1,533	(1,105)	2,010	2,062	2,506	3,159
	Total Other Comprehensive Income / (Loss) (A+B)	1,488	(1,151)	2,023	1,969	2,524	3,148
11	Total Comprehensive Income (9 + 10)	6,725	3,902	14,876	19,295	39,844	51,718
	Total Comprehensive Income for the period attributable to:						
	Owners of the Company	6,540	3,792	14,823	18,889	39,578	51,376
	Non Controlling Interests	185	110	53	406	266	342
12	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,410	4,407	4,398	4,410	4,398	4,400
13	Total Reserves						274,845
14	Earnings Per Equity Share (Rs)/ (Not annualized for the quarters/Nine months period)						
	Basic	5.77	5.59	14.70	19.20	42.11	54.76
	Diluted	5.76	5.57	14.64	19.13	41.94	54.54

Standalone Information

Particulars	Quarter ended			Nine months period ended		Year ended
	December 31, 2023 (Audited)	September 30, 2023 (Audited)	December 31, 2022 (Audited)	December 31, 2023 (Audited)	December 31, 2022 (Audited)	March 31, 2023 (Audited)
Revenue from Operations	105,514	104,397	109,876	316,883	317,188	426,573
Profit before Tax	5,418	5,869	15,098	18,573	40,401	49,041
Profit after Tax	4,859	5,558	12,044	16,012	31,008	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			Nine months period ended		Year ended
	December 31, 2023 (Audited)	September 30, 2023 (Audited)	December 31, 2022 (Audited)	December 31, 2023 (Audited)	December 31, 2022 (Audited)	March 31, 2023 (Audited)
Segment Revenue						
a) IT	111,834	109,322	117,999	333,284	342,998	460,972
b) BPO	19,179	19,317	19,347	57,958	52,722	71,930
Total Sales / Income from operations	131,013	128,639	137,346	391,242	395,720	532,902
Segment Profit before tax, interest and depreciation						
a) IT	8,289	7,182	17,714	25,671	50,926	67,664
b) BPO	3,175	3,541	3,726	9,896	9,156	12,622
Total	11,464	10,723	21,440	35,567	60,082	80,286
Less:						
(i) Finance costs	1,165	975	1,129	3,337	2,322	3,256
(ii) Other un-allocable expenditure, net off un-allocable income	3,559	3,510	2,509	9,618	8,314	12,286
Add:						
Share in Profit / (Loss) of Associates / Joint Venture	48	(85)	(90)	41	(240)	(290)
Profit before tax	6,788	6,153	17,712	22,653	49,206	64,455

Statement of Segment Assets and Liabilities	December 31, 2023 (Audited)	September 30, 2023 (Audited)	December 31, 2022 (Audited)	March 31, 2023 (Audited)
Segment Assets				
Trade and Other Receivables				
IT		113,077	119,831	130,679
BPO		17,783	16,991	17,414
Total Trade and Other Receivables		130,860	136,822	148,093
Goodwill				
IT		63,995	62,921	65,493
BPO		12,936	12,887	12,850
Total Goodwill		76,931	75,808	78,343
Unallocable Assets		223,413	222,277	226,259
TOTAL ASSETS		431,204	434,907	452,695
Segment Liabilities				
Unearned Revenue				
IT		12,267	10,217	9,491
BPO		671	676	663
Total Unearned Revenue		12,938	10,893	10,154
Unallocable Liabilities		153,285	155,439	170,720
TOTAL LIABILITIES AND SUSPENSE ACCOUNT		166,223	166,332	180,874

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.

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 nine months period financial results have been reviewed by the Audit Committee and have been approved by the Board of Directors in its meeting held on January 24, 2024.
- 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 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.
- 3 During the period ended December 31, 2023, 2,016,922 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. 175 Million.
- 4 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 nine months period ended December 31, 2023 (Quarter ended "QE" December 31, 2023: Rs. Nil) (QE September 30, 2023: 1,495 Million) (QE December 31, 2022: Rs. Nil) (Nine months period ended December 31, 2022: 244 Million) (Year ended March 31, 2023: 2,370 Million)
- 5 Tax expense is net of reversals, for the nine months period ended December 31, 2023 of Rs. 1,382 Million. (Quarter ended "QE" December 31, 2023: Rs. 735 Million) (QE September 30, 2023: Rs. 647 Million) (QE December 31, 2022: Rs. 595 Million net charge) (Nine months period ended December 31, 2022: Rs. 315 Million) (Year ended March 31, 2023: Rs. 315 Million), relating to earlier periods consequent to the orders received by the Company or completion of tax assessment.
- 6 The appointment of the Managing Director is subject to the pending approval of Central Government pursuant to the requirements of Section 196, 197 (read with the relevant and applicable rules) of the Companies Act, 2013.
- 7 **Emphasis of Matter**
The Emphasis of Matter in the Auditor's Report:
With relation to Note 2 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 : January 24, 2024
Place : MumbaiMohit Joshi
Managing Director & CEO