

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 Financial Results for the quarter and year ended March 31, 2021

	Particulars	Quarter ended			Rs. in Million except Earnings per share	
		Year ended				
		March 31, 2021	December 31, 2020	March 31, 2020	March 31, 2021	March 31, 2020
1	Revenue from Operations	75,068	75,650	75,719	296,409	292,254
2	Other Income	2,070	2,863	12,577	9,218	23,662
3	Total Income (1 + 2)	77,138	78,513	88,296	305,627	315,916
4	Expenses					
	Employee Benefit Expenses	21,979	24,009	23,336	91,626	92,827
	Subcontracting Expenses	26,915	27,410	30,399	113,206	116,074
	Finance Costs	147	148	269	632	667
	Depreciation and Amortisation Expense	1,577	1,659	1,720	6,623	6,674
	Other Expenses	9,808	8,889	11,843	36,835	40,798
	Impairment of non-current investments (Refer note 8)	1,439	-	5,554	1,439	5,554
	Total Expenses	61,865	62,115	73,121	250,361	262,594
5	Profit before Tax (3 - 4)	15,273	16,398	15,175	55,266	53,322
6	Tax Expense					
	Current Tax	3,065	4,022	1,614	13,604	8,813
	Deferred Tax	530	(180)	(357)	(729)	(836)
	Total Tax Expense	3,595	3,842	1,257	12,875	7,977
7	Profit after tax (5 - 6)	11,678	12,556	13,918	42,391	45,345
8	Other Comprehensive Income / (Loss)					
	A. Items that will not be reclassified to Profit or (Loss) (net of taxes)	(14)	(45)	(34)	7	(98)
	B. Items that will be reclassified to Profit or (Loss) (net of taxes)	1,145	(526)	(1,672)	2,446	(3,136)
	Total Other Comprehensive Income / (Loss) (A+B)	1,131	(571)	(1,706)	2,453	(3,234)
9	Total Comprehensive Income (7 + 8)	12,809	11,985	12,212	44,844	42,111
10	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,841	4,837	4,829	4,841	4,829
11	Total Reserves				245,317	217,905
12	Earnings Per Equity Share in Rs.					
	(EPS for the quarter periods ended are not annualised)					
	- Basic	12.06	12.97	14.39	43.76	46.89
	- Diluted	11.96	12.88	14.29	43.41	46.56

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Balance Sheet as at March 31, 2021 (Standalone - Audited)

Rs. in Million

Particulars	As at March 31, 2021	As at March 31, 2020
ASSETS		
Non-Current Assets		
(a) Property, Plant and Equipment	18,524	20,069
(b) Capital Work-in-Progress	1,114	352
(c) Right-of-Use Asset	4,680	5,383
(d) Investment Property	891	997
(e) Goodwill	167	-
(f) Intangible Assets	6,215	6,908
(g) Financial Assets		
(i) Investments	74,982	58,883
(ii) Trade Receivables	-	-
(iii) Other Financial Assets	3,827	4,249
(h) Income Tax Assets (Net)	15,069	18,880
(i) Deferred Tax Assets (Net)	4,054	4,364
(j) Other Non-Current Assets	4,022	2,704
Total Non - Current Assets	133,545	122,789
Current Assets		
(a) Financial Assets		
(i) Investments	90,542	47,603
(ii) Trade Receivables	51,526	62,120
(iii) Cash and Cash Equivalents	9,880	18,038
(iv) Other Balances with Banks	621	542
(v) Loans	73	76
(vi) Other Financial Assets	28,468	32,844
(b) Other Current Assets	19,092	19,208
Total Current Assets	200,202	180,431
Total Assets	333,747	303,220
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	4,841	4,829
(b) Other Equity	245,317	217,905
Total Equity	250,158	222,734
Liabilities		
Non-current liabilities		
(a) Financial Liabilities		
(i) Lease liabilities	3,497	3,424
(ii) Other Financial Liabilities	2,462	3,026
(b) Provisions	4,930	4,594
(c) Other Non-Current Liabilities	783	-
Total Non - Current Liabilities	11,672	11,044
Current liabilities		
(a) Financial Liabilities		
(i) Lease Obligations	1,691	1,385
(ii) Trade Payables		
(1) Dues of micro enterprises and small enterprises	53	42
(2) Dues of creditors other than micro enterprises and small enterprises	25,225	25,214
(iii) Other Financial Liabilities	10,414	8,230
(b) Provisions	2,098	1,859
(c) Income Tax Liabilities (Net)	8,545	7,877
(d) Other Current Liabilities	11,587	12,531
Total Current Liabilities	59,613	57,138
Suspense Account (Net)	12,304	12,304
Total Equity and Liabilities and Suspense Account	333,747	303,220

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Standalone Audited Financial Results for the quarter and year ended March 31, 2021

Cash Flow Statement (Standalone-Audited)

Rs. in Million

Particulars	Financial year ended	
	March 31, 2021	March 31, 2020
A) Cash Flow from Operating Activities		
Profit before Tax	55,266	53,322
Adjustments for :		
Depreciation and Amortization Expense	6,623	6,674
Bad debts and advance written off, allowance/(reversal) of doubtful receivables/unbilled revenue and advances (net)	3,363	2,538
Net (gain)/loss on disposal of Property, Plant and Equipment and Intangible Assets	(29)	(4)
Finance Costs	632	667
Unrealized Exchange (gain)/Loss (net)	1,543	(2,658)
Share Based Payments to Employees	1,039	1,093
Loss on Sale of Investment (Net)	-	443
Impairment of non current investment	1,439	5,554
Interest Income	(1,690)	(2,257)
Rental Income	(306)	(320)
Dividend Income on Investments / Distributions from benefit trust	(2,905)	(14,634)
Gain on investments carried at fair value through profit and loss (net)	(1,482)	(1,889)
	63,493	48,529
Net change in:		
Trade Receivables	5,758	(2,266)
Unbilled revenue and contract assets	5,539	(7,345)
Other financial assets and other assets	(1,425)	140
Trade Payables	109	(4,539)
Unearned revenue and deferred revenue	1,456	(169)
Other financial liabilities, other liabilities and provisions	2,714	475
	14,151	(13,704)
Cash generated from operating activities before taxes	77,644	34,825
Income taxes paid, net	(9,125)	(11,021)
Net cash generated from Operating activities (A)	68,519	23,804
B) Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment and Intangible Assets	(4,179)	(5,789)
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	47	13
Purchase of Mutual Funds, Debentures and Other Investments	(275,773)	(316,144)
Proceeds from sale/ redemption of Mutual Funds, Debentures and Other Investments	229,335	340,983
Dividend Income on Investments / Distributions from benefit trust	2,656	14,297
Investment in Associate and Subsidiaries (including payment towards acquisition of business(net of cash acquired))	(11,024)	(5,728)
Proceeds from sale of Subsidiary	-	224
Rental Income	293	238
Fixed Deposit / Margin Money Placed	(15,708)	(530)
Fixed Deposit / Margin Money Realized	16,068	2,563
Interest income received	2,077	2,394
Net cash generated from/(used in) Investing activities (B)	(56,208)	32,521
C) Cash Flow from Financing Activities		
Proceeds from issuance of equity shares from exercise of stock options	568	467
Buyback of equity shares	-	(19,556)
Payment of dividend (including Tax on dividend in previous year)	(19,335)	(27,522)
Repayment of lease liabilities	(1,262)	(1,145)
Finance costs paid	(632)	(668)
Net cash from/(used in) Financing activities (C)	(20,661)	(48,424)
Net Increase/(decrease) in cash and cash equivalents during the year (D) = (A+B+C)	(8,350)	7,901
Effect of exchange rate changes on cash and cash equivalents (E)	192	538
Cash and Cash Equivalents at the beginning of the year (F)	18,038	9,599
Cash and Cash Equivalents at the end of the year (G) = (D+E+F)	9,880	18,038

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Standalone Audited Financial Results for the quarter and year ended March 31, 2021

Notes :

- 1 These results have been prepared on the basis of the standalone audited financial statements for the year ended March 31, 2021 and the standalone audited condensed interim financial results upto the end of the third quarter, which are prepared in accordance with the Ind AS notified under the Companies (Indian Accounting Standards) Rules 2015. The quarterly and yearly 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 April 26, 2021.
- 2 The Board of Directors has recommended a final dividend of Rs. 15 per equity share on face value of Rs. 5 each (300%) & special dividend of Rs. 15 per equity share on face value of Rs. 5 each (300%).
The Company has paid special dividend of Rs. 15 per equity share on face value of Rs. 5 each as interim dividend during the quarter ended December 31, 2020. The amount was recognized as distribution to equity shareholders.
- 3 The Company has considered the possible effects that may result from COVID-19, a global pandemic on the recoverable values of its financial and non-financial assets. The impact of COVID-19 on the standalone financial results may differ from that estimated as at the date of approval of these standalone financial results.
- 4 **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 of which 1 petition was converted into a suit and the balance 36 petitions are at various stages of pauperism/suit admission.
The Hon'ble High Court 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. Subsequently, ED had attached Fixed Deposits for an aggregate value of Rs.8,220 Million alleged to be the proceeds of crime. The Hon'ble High Court of Judicature at Hyderabad granted stay on December 11, 2012 and set aside the Provisional attachment order on December 31, 2018. Subsequently, ED filed a Special Leave Petition (SLP) before the Hon'ble Supreme Court of India against the above order of the Hon'ble High Court of Telangana. The Hon'ble Supreme Court upon hearing the parties upheld the judgement of Hon'ble High court of Andhra Pradesh and Telangana and consequently dismissed the SLP filed by ED by its order dated February 26, 2021.

In view of the aforesaid and based on an independent legal opinion, the Management believes that the claim by the 37 companies for repayment of the alleged advances, including interest thereon is not legally tenable. Consequently, pending the final outcome of the proceedings, as a matter of prudence, the Company has accounted and disclosed the amount of Rs. 12,304 Million as 'Suspense Account (net)'.

5 Pursuant to a share purchase agreement, the Company acquired 51% stake in Cerium Systems Private Limited ("Cerium") on April 9, 2020 for a total consideration of Rs. 1,454 Million, out of which Rs. 916 Million was paid upfront. Further, the Company has entered into an agreement to purchase the remaining 49% stake over a period of three years ending March 31, 2023.

6 Pursuant to a share purchase agreement, the Company acquired 100% stake in Zen3 Infosolutions Private Limited on April 9, 2020 for a consideration of Rs. 141 Million. Further, the Company through its wholly owned subsidiary Tech Mahindra (Americas) Inc., acquired 100% stake in Zen3 Infosolutions (America) Inc. on April 9, 2020.

7 Pursuant to a share purchase agreement, the Company acquired 100% stake in Perigord Premedia (India) Private Limited and Perigord Data Solutions (India) Private Limited on March 15, 2021 for a consideration of Rs. 133 Million and Rs. 101 Million, respectively. Further, the Company through its wholly owned subsidiary Mahindra Engineering Services (Europe) Limited, acquired 70% stake in Perigord Asset Holdings Limited on March 15, 2021. Also, Mahindra Engineering Services (Europe) Limited has entered into an agreement to purchase the balance 30% stake over a period of four-years, ending March 31, 2024.

8 The Company based on the performance of few subsidiaries and relevant economic and market indicators has assessed the recoverable amount of investment in those subsidiaries. Consequently, the Company has recognised an impairment of Rs.1,439 Million in the statement of profit and loss for the year ended March 31, 2021 (year ended March 31, 2020: Rs. 5,554 Million).

9 Tax expense for the Quarter Ended ("QE") March 31, 2021 is net of excess provision of Rs. 201 Million of earlier periods, no longer required, written back (QE December 31, 2020: Rs. Nil ; QE March 31, 2020: Rs. 622 Million).
Tax expense for the Year ended ("YE") March 31, 2021 is net of excess provision of Rs. 201 Million of earlier periods, no longer required, written back (YE March 31, 2020: Rs. 2,451 Million).

10 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post – employment benefits has received the Presidential assent in September 2020. The Ministry of Labour and Employment had released draft rules for the Code on November 13, 2020, and had invited suggestions from stakeholders which are under active consideration by the Ministry. However, the effective date from which the changes are applicable is yet to be notified. The Company will evaluate and will give appropriate impact in the financial statements in the period in which the Code becomes effective and the related rules are published.
- 11 **Emphasis of Matter**
The Emphasis of Matter in the Auditors' Report pertains to the following:
With relation to Note 4 in respect of certain matters relating to erstwhile Satyam Computer Services Limited (erstwhile Satyam), amalgamated with the Company with effect from April 1, 2011 which is discussed below:
The Company's management, on the basis of current legal status and external legal opinion, has concluded that claims made by 37 companies in the City Civil Court for alleged advances amounting to Rs. 12,304 Million made by these companies to erstwhile Satyam and presented separately under 'Suspense account (net)', will not sustain on ultimate resolution by the Court.
- 12 **Management response to Emphasis of Matter:**
With regard to the Emphasis of Matter stated in Note 11 above, there are no additional developments on Emphasis of Matter mentioned in Note 4 above which require adjustments to the standalone audited financial results.
- 13 The 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 : April 26, 2021

Place : Mumbai

C. P. Gurnani
Managing Director & CEO