

Tech Mahindra Limited

Registered Office : Gateway Building, Apollo Bunder, Mumbai 400 001. Website : www.techmahindra.com
 Email : investor_relations@techmahindra.com. CIN : L64200MH1986PLC041370
 Standalone Financial Results for the quarter and audited results for the year ended March 31, 2022

Rs. in Million except Earnings per share

Particulars	Quarter ended			Year ended	
	March 31, 2022 (Note 8)	December 31, 2021 (Unaudited)	March 31, 2021 (Note 8)	March 31, 2022 (Audited)	March 31, 2021 (Audited)
1 Revenue from Operations	93,189	90,108	75,068	347,261	296,409
2 Other Income	2,272	4,059	2,070	15,228	9,218
3 Total Income (1 + 2)	95,461	94,167	77,138	362,489	305,627
4 Expenses					
Employee Benefit Expenses	29,451	28,113	21,979	110,542	91,626
Subcontracting Expenses	39,662	36,433	26,915	138,588	113,206
Finance Costs	173	137	147	636	632
Depreciation and Amortisation Expense	1,955	1,533	1,577	6,599	6,623
Other Expenses	9,073	10,321	9,808	38,609	36,835
Impairment of non-current investments (Refer note 5)	3,235	-	1,439	4,669	1,439
Total Expenses	83,549	76,537	61,865	299,643	250,361
5 Profit before Tax (3 - 4)	11,912	17,630	15,273	62,846	55,266
6 Tax Expense (Refer note 6)					
Current Tax	(427)	4,726	3,065	12,409	13,604
Deferred Tax	1,960	(391)	530	1,306	(729)
Total Tax Expense	1,533	4,335	3,595	13,715	12,875
7 Profit after tax (5 - 6)	10,379	13,295	11,678	49,131	42,391
8 Other Comprehensive Income / (Loss)					
A. Items that will not be reclassified to Profit or (Loss) (net of taxes)	(52)	(98)	(14)	(252)	7
B. Items that will be reclassified to Profit or (Loss) (net of taxes)	(316)	418	1,145	1,333	2,446
Total Other Comprehensive Income / (Loss) (A+B)	(368)	320	1,131	1,081	2,453
9 Total Comprehensive Income (7 + 8)	10,011	13,615	12,809	50,212	44,844
10 Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,859	4,853	4,841	4,859	4,841
11 Total Reserves				253,633	245,317
12 Earnings Per Equity Share in Rs. <i>EPS for the quarter ended periods are not annualised</i>					
- Basic	10.67	13.67	12.06	50.48	43.76
- Diluted	10.59	13.57	11.96	50.11	43.41

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Balance Sheet as at March 31, 2022 (Standalone - Audited)

Particulars	Rs. in Million	
	As at March 31, 2022	As at March 31, 2021
ASSETS		
Non-Current Assets		
(a) Property, Plant and Equipment	19,812	18,524
(b) Capital Work-in-Progress	1,322	1,114
(c) Right-of-Use Asset	4,659	4,680
(d) Investment Property	797	891
(e) Goodwill	318	167
(f) Other Intangible Assets	6,158	6,215
(g) Financial Assets		
(i) Investments	115,649	74,982
(ii) Trade Receivables		
(1) Billed	-	-
(ii) Other Financial Assets	3,102	3,827
(h) Income Tax Assets (Net)	19,838	15,069
(i) Deferred Tax Assets (Net)	2,481	4,054
(j) Other Non-Current Assets	5,262	4,022
Total Non-Current Assets	180,398	133,545
Current Assets		
(a) Financial Assets		
(i) Investments	32,563	90,542
(ii) Trade Receivables -		
(1) Billed	60,276	51,526
(2) Unbilled	36,382	20,862
(iii) Cash and Cash Equivalents	11,944	9,880
(iv) Other Balances with Banks	1,124	621
(v) Loans	-	73
(vi) Other Financial Assets	6,930	7,606
(b) Other Current Assets	20,431	19,092
Total Current Assets	169,650	200,202
Total Assets	350,048	333,747
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share Capital	4,859	4,841
(b) Other Equity	253,633	245,317
Total Equity	258,492	250,158
Liabilities		
Non-current liabilities		
(a) Financial Liabilities		
(i) Lease liabilities	3,441	3,497
(ii) Other Financial Liabilities	2,956	2,462
(b) Provisions	5,845	4,930
(c) Other Non-Current Liabilities	646	783
Total Non-Current Liabilities	12,888	11,672
Current liabilities		
(a) Financial Liabilities		
(i) Lease Obligations	1,734	1,691
(ii) Trade Payables		
(1) Dues of micro enterprises and small enterprises	180	53
(2) Dues of creditors other than micro enterprises and small enterprises	30,612	25,225
(iii) Other Financial Liabilities	14,349	10,414
(b) Provisions	2,664	2,098
(c) Income Tax Liabilities (Net)	8,335	8,545
(d) Other Current Liabilities	8,490	11,587
Total Current Liabilities	66,364	59,613
Suspense Account (Net)	12,304	12,304
Total Equity and Liabilities and Suspense Account	350,048	333,747

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Particulars	Rs. in Million	
	Financial year ended	
	March 31, 2022	March 31, 2021
A) Cash Flow from Operating Activities		
Profit before Tax	62,846	55,266
Adjustments for :		
Depreciation and Amortization Expense	6,599	6,623
Bad debts and advance written off, allowance/(reversal) of doubtful receivables/unbilled revenue and advances (net)	(1,138)	3,363
Net (gain)/loss on disposal of Property, Plant and Equipment and Intangible Assets	(42)	(29)
Finance Costs	636	632
Unrealized Exchange (gain)/Loss (net)	(1,741)	1,543
Share Based Payments to Employees	712	1,039
Impairment of non current investments	4,669	1,439
Interest Income	(783)	(1,690)
Rental Income	(349)	(306)
Dividend Income on Investments / Distributions from TML benefit trust	(5,621)	(2,905)
Gain on investments carried at fair value through profit and loss (net)	(2,337)	(1,482)
Change in fair valuation of contractual obligation	1,444	-
	64,895	63,493
Net change in:		
Trade Receivable and contract assets	(27,918)	11,297
Other financial assets and other assets	(4,067)	(1,425)
Trade Payables	5,570	109
Unearned revenue and deferred revenue	1,406	1,456
Other financial liabilities, other liabilities and provisions	7,197	2,714
	(17,812)	14,151
Cash generated from operating activities before taxes	47,083	77,644
Income taxes paid, net	(17,389)	(9,125)
Net cash generated from Operating activities (A)	29,694	68,519
B) Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment and Intangible Assets	(5,891)	(4,179)
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	74	47
Purchase of Mutual Funds, Debentures and Other Investments	(195,720)	(275,773)
Proceeds from sale/ redemption of Mutual Funds, Debentures and Other Investments	255,045	229,335
Dividend Income on Investments / Distributions from TML benefit trust	5,621	2,656
Investment in Associate and Subsidiaries (including payment towards acquisition of business(net of cash acquired))	(43,587)	(11,024)
Rental Income	525	293
Fixed Deposit / Margin Money Placed	(541)	(15,708)
Fixed Deposit / Margin Money Realized	291	16,068
Interest income received	905	2,077
Net cash generated from/(used in) Investing activities (B)	16,722	(56,208)
C) Cash Flow from Financing Activities		
Proceeds from issuance of equity shares from exercise of stock options	819	568
Payment of dividend	(43,624)	(19,335)
Repayment of lease liabilities	(1,199)	(1,262)
Finance costs paid	(567)	(632)
Net cash from/(used in) Financing activities (C)	(44,571)	(20,661)
Net Increase/(decrease) in cash and cash equivalents during the year (D) = (A+B+C)	1,845	(8,350)
Effect of exchange rate changes on cash and cash equivalents (E)	219	192
Cash and Cash Equivalents at the beginning of the year (F)	9,880	18,038
Cash and Cash Equivalents at the end of the year (G) = (D+E+F)	11,944	9,880

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Standalone Financial Results for the quarter and audited results for the year ended March 31, 2022

Notes :

1 These results have been prepared on the basis of the standalone audited financial statements for the year ended March 31, 2022 and published unaudited standalone financial results for nine months ended December 31, 2021, 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 May 13, 2022.

2 The Board of Directors has recommended a final dividend of Rs.15 and a special dividend of Rs.15 per equity share on face value of Rs.5 each (600%).

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 endorsed 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 recorded separately from equity and liability of the Company in the books of account.

4 a) The Company, pursuant to a share purchase agreement, through its subsidiaries acquired 100% stake in:

i. DigitalOnUs Inc., (USA) on May 06, 2021 for a total consideration of Rs. 8,319 Million of which Rs. 6,550 Million was paid upfront and balance linked to performance conditions.

ii. Eventus Solution Group LLC, (USA) on June 18, 2021 for a total consideration of Rs. 2,804 Million of which Rs. 2,494 Million was paid upfront and balance linked to performance conditions.

iii. Green Investments LLC, (USA) on December 31, 2021 for a total consideration of Rs. 7,733 Million of which Rs. 6,779 Million was paid upfront and balance linked to performance conditions.

iv. Infostar LLC, (USA) on October 25, 2021 for a total consideration of Rs. 6,634 Million of which Rs. 4,379 Million was paid upfront and balance linked to performance conditions.

v. Activus Connect LLC, (USA) on December 03, 2021 for a total consideration of Rs. 3,042 Million.

vi. BrainScale Inc., (USA) on November 16, 2021 for a total consideration of Rs. 1,419 Million of which Rs. 714 Million was paid upfront and balance linked to performance conditions.

vii. We Make Websites Limited, (UK) on October 25, 2021 for a total consideration of Rs. 1,074 Million of which Rs. 516 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. 605 Million of which Rs. 519 Million was paid upfront and balance linked to performance conditions.

ix. Com Tec Co IT Ltd, (Cyprus) on January 17, 2022 for a total consideration of Rs. 25,786 Million of which Rs. 19,260 Million was paid upfront and balance linked to performance conditions.

b) The Company, pursuant to a share purchase agreements, through its subsidiaries acquired 80% stake in Geomatic Pty Ltd, (Australia) on February 16, 2022 for a total consideration of Rs. 322 Million which was paid upfront.

c) The Company pursuant to Business purchase agreement acquired business from below entities :

i. The Company acquired the business of M/s BrainScale (India) on December 03, 2021 for a total consideration of Rs. 154 Million.

ii. The Company, pursuant to a business purchase agreement acquired 100% business of Lodestone Software Service Private Limited on October 25, 2021 for total consideration of Rs. 498 Million.

The purchase consideration mentioned above is excluding the employment linked contingent consideration.

5 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. 4,669 Million in the statement of profit and loss for the year ended March 31, 2022 (year ended March 31, 2021: Rs. 1,439 Million).

6 Tax expense for the Quarter Ended ("QE") March 31, 2022 includes Rs.128 Million of earlier periods (QE December 31, 2021: Rs. Nil ; QE March 31, 2021 (is net of reversals of earlier periods: Rs. 201 Million).
Tax expense for the Year ended ("YE") March 31, 2022 is net of reversal of Rs. 690 Million relating to earlier periods (YE March 31, 2021: Rs. 201 Million).

7 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 1 April 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 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 standalone audited financial results.

8 The figures for the quarter ended March 31, 2022 and March 31, 2021, are balancing figure between the audited figures for the year ended March 31, 2022 and March 31, 2021 and the published year-to-date figures for nine months ended December 31, 2021 and December 31, 2020 respectively.

9 The standalone audited 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 : May 13, 2022

Place : Mumbai

C. P. Gurnani

Managing Director & CEO