

Tech Mahindra Limited

Registered Office : Gateway Building, Apollo Bunder, Mumbai 400 001. Website : www.techmahindra.com
Email : investor.relations@techmahindra.com. CIN : L64200MH1986PLC041370

Consolidated Financial Results for the quarter and audited results for the year ended March 31, 2023

		Rs. in Million except Earnings per share				
Particulars	Quarter ended			Year ended		
	March 31, 2023 (Note 9)	December 31, 2022 (Audited)	March 31, 2022 (Note 9)	March 31, 2023 (Audited)	March 31, 2022 (Audited)	
1 Revenue from Operations	137,182	137,346	121,163	532,902	446,460	
2 Other Income	3,055	2,472	3,198	9,650	11,123	
3 Total Income (1 + 2)	140,237	139,818	124,361	542,552	457,583	
4 Expenses						
Employee Benefits Expense	71,918	70,546	60,476	276,918	222,859	
Subcontracting Expense	19,358	19,741	19,065	80,002	69,571	
Finance Costs	934	1,129	552	3,256	1,626	
Depreciation and Amortisation Expense	4,902	4,981	4,842	19,567	15,204	
Other Expenses	25,700	25,619	20,738	95,694	73,830	
Impairment of Goodwill and non-current assets (Refer note 6)	2,126	-	-	2,370	-	
Total Expenses	124,938	122,016	105,673	477,807	383,090	
5 Profit before share in profit/(loss) of associates/joint ventures and tax (3-4)	15,299	17,802	18,688	64,745	74,493	
6 Share in Profit / (Loss) of Associates / Joint Venture	(50)	(90)	45	(290)	28	
7 Profit before Tax (5 + 6)	15,249	17,712	18,733	64,455	74,521	
8 Tax Expense (Refer note 7)						
Current Tax	5,780	4,493	1,366	19,514	17,421	
Deferred Tax	(1,781)	366	1,914	(3,629)	799	
Total Tax Expense	3,999	4,859	3,280	15,885	18,220	
9 Profit after tax (7 - 8)	11,250	12,853	15,453	48,570	56,301	
Profit for the period attributable to:						
Owners of the Company	11,177	12,966	15,057	48,313	55,661	
Non Controlling Interests	73	(113)	396	257	640	
10 Other Comprehensive Income / (Loss)						
A. Items that will not be reclassified to Profit / (Loss) (net of taxes)	(29)	13	153	(11)	(81)	
B. Items that will be reclassified to Profit / (Loss) (net of taxes)	653	2,010	1,178	3,159	2,393	
Total Other Comprehensive Income / (Loss) (A+B)	624	2,023	1,331	3,148	2,312	
11 Total Comprehensive Income (9 + 10)	11,874	14,876	16,784	51,718	58,613	
Total Comprehensive Income for the period attributable to:						
Owners of the Company	11,798	14,823	16,349	51,376	57,949	
Non Controlling Interests	76	53	435	342	664	
12 Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,400	4,398	4,388	4,400	4,388	
13 Total Reserves				274,845	264,469	
14 Earnings Per Equity Share (Rs)						
<i>EPS for the quarter ended periods are not annualised</i>						
Basic	12.67	14.70	17.09	54.76	63.32	
Diluted	12.62	14.64	16.94	54.54	62.81	

Standalone Information

(Amounts in Rs. Million)

Particulars	Quarter ended			Year ended	
	March 31, 2023 (Note 9)	December 31, 2022 (Audited)	March 31, 2022 (Note 9)	March 31, 2023 (Audited)	March 31, 2022 (Audited)
Revenue from Operations	109,385	109,876	95,605	426,573	357,611
Profit before Tax	8,640	15,098	12,600	49,041	64,291
Profit after Tax	6,767	12,044	10,900	37,775	50,233

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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

Particulars	(Amounts in Rs. Million)				
	Quarter ended			Year ended	
	March 31, 2023 (Note 9)	December 31, 2022 (Audited)	March 31, 2022 (Note 9)	March 31, 2023 (Audited)	March 31, 2022 (Audited)
Segment Revenue					
a) IT	117,974	117,999	105,926	460,972	391,852
b) BPO	19,208	19,347	15,237	71,930	54,608
Total Sales / Income from operations	137,182	137,346	121,163	532,902	446,460
Segment Profit before tax, interest and depreciation					
a) IT	16,738	17,714	17,946	67,664	69,344
b) BPO	3,467	3,726	2,938	12,622	10,856
Total	20,205	21,440	20,884	80,286	80,200
Less:					
(i) Finance costs	934	1,129	552	3,256	1,626
(ii) Other un-allocable expenditure, net off un-allocable income	3,973	2,509	1,644	12,286	4,081
Add:					
Share in Profit / (Loss) of Associates / Joint Venture	(50)	(90)	45	(290)	28
Profit before tax	15,249	17,712	18,733	64,455	74,521

Statement of Segment Assets and Liabilities

	March 31, 2023 (Audited)	December 31, 2022 (Audited)	March 31, 2022 (Audited)
Segment Assets			
Trade and Other Receivables			
IT	130,490	130,679	117,498
BPO	16,149	17,414	15,179
Total Trade and Other Receivables	146,639	148,093	132,677
Goodwill			
IT	63,845	65,493	62,027
BPO	12,812	12,850	12,231
Total Goodwill	76,657	78,343	74,258
Unallocable Assets	238,237	226,259	241,772
TOTAL ASSETS	461,533	452,695	448,707
Segment Liabilities			
Unearned Revenue			
IT	10,710	9,491	10,006
BPO	798	663	1,455
Total Unearned Revenue	11,508	10,154	11,461
Unallocable Liabilities	166,078	170,720	163,435
TOTAL LIABILITIES AND SUSPENSE ACCOUNT	177,586	180,874	174,896

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.

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Balance Sheet as at March 31, 2023 (Consolidated - Audited)		Rs. in Million	
Particulars	As at March 31, 2023	As at March 31, 2022	
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	28,622	26,823	
(b) Capital Work-in-Progress	836	1,651	
(c) Right-of-Use Asset	10,972	9,372	
(d) Investment Property	748	797	
(e) Goodwill	76,657	74,258	
(f) Other Intangible Assets	32,316	36,586	
(g) Intangible Assets under development	361	-	
(h) Investment accounted using Equity method	1,729	1,969	
(i) Financial Assets			
(i) Investments	4,320	2,510	
(ii) Trade Receivables			
- Billed	11	9	
(iii) Loans	49	136	
(iv) Other Financial Assets	3,318	4,732	
(j) Current Tax Assets (Net)	30,537	25,137	
(k) Deferred Tax Assets (Net)	12,965	8,191	
(l) Other Non-Current Assets	13,765	11,979	
Total Non - Current Assets	217,206	204,150	
Current Assets			
(a) Inventories	236	405	
(b) Financial Assets			
(i) Investments	27,832	44,359	
(ii) Trade Receivables			
(1) Billed	81,424	74,676	
(2) Unbilled	47,392	44,658	
(iii) Cash and Cash Equivalents	40,563	37,889	
(iv) Bank Balances other than (iii) above	1,984	1,856	
(v) Other Financial Assets	4,999	6,750	
(c) Other Current Assets	39,897	33,964	
Total Current Assets	244,327	244,557	
Total Assets	461,533	448,707	
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	4,400	4,388	
(b) Other Equity	274,845	264,469	
Equity Attributable to Owners of the Company	279,245	268,857	
Non controlling Interest	4,702	4,954	
Total Equity	283,947	273,811	
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	1,288	1,420	
(ii) Lease liabilities	7,903	7,200	
(iii) Other Financial Liabilities	10,083	14,780	
(b) Provisions	9,288	8,811	
(c) Deferred tax Liabilities (Net)	3,261	4,552	
(d) Other Non-Current Liabilities	249	781	
Total Non - Current Liabilities	32,072	37,544	
(a) Financial Liabilities			
(i) Borrowings	14,494	14,397	
(ii) Lease liabilities	3,717	3,167	
(iii) Trade Payables	43,846	40,947	
(iv) Other Financial Liabilities	29,617	30,244	
(b) Provisions	6,313	6,716	
(c) Current Tax Liabilities (Net)	15,405	10,441	
(d) Other Current Liabilities	19,818	19,136	
Total Current Liabilities	133,210	125,048	
Suspense Account (Net)	12,304	12,304	
Total Equity and Liabilities and Suspense Account	461,533	448,707	

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Cash Flow Statement (Consolidated-Audited)	Rs.in Million	
	Financial year ended	
	March 31, 2023	March 31, 2022
Particulars		
A Cash Flow from Operating Activities		
Profit Before Tax	64,455	74,521
Adjustments for :		
Depreciation and Amortisation Expense	19,567	15,204
Bad debts and advance written off, allowance/(reversal) of doubtful receivables / unbilled revenue and advances (net)	3,096	388
Share of (Profit) / Loss of Associates	290	(28)
Net (Gain) /Loss on disposal of Property, Plant and Equipment and Intangible Assets	(42)	(63)
Finance Costs	3,256	1,626
Unrealised Exchange Loss / (Gain) (net)	3,266	(815)
Share Based Payments to Employees	861	905
Interest Income	(1,050)	(904)
Rental Income	(304)	(415)
Dividend Income on Investments carried at fair value through profit and loss	(28)	(91)
Gain on Investments carried at fair value through profit and loss (net)	(1,052)	(2,583)
Change in fair valuation of contractual obligations	(583)	2,588
Impairment of Goodwill and Non Current Assets	2,370	-
	94,102	90,333
Net Change in :		
Trade Receivables and Contract assets	(17,836)	(28,951)
Other financial assets and other assets	(3,739)	(4,671)
Trade Payables	2,552	9,785
Unearned revenue and deferred revenue	215	3,776
Other financial liabilities, other liabilities and provisions	357	5,718
	(18,451)	(14,343)
Cash generated from operating activities before taxes	75,651	75,990
Income taxes paid, net	(19,931)	(23,137)
Net cash generated from operating activities (A)	55,720	52,853
B Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment and Intangible Assets	(10,152)	(9,584)
Proceeds from Sale of Property, Plant and Equipment & Investment property	460	1,231
Purchase of Mutual Funds, Debentures and Other Investments	(214,776)	(219,638)
Proceeds from sale / redemption of Mutual Funds, Debentures and Other Investments	230,748	277,403
Payment for acquisition of Business and Non Controlling Interest , net of cash acquired	(10,672)	(46,613)
Proceeds from sale of subsidiary	-	725
Rental Income	235	729
Fixed Deposit/ Margin Money Placed	(1,577)	(1,877)
Fixed Deposit/ Margin Money Realized	1,501	1,355
Interest Income Received	1,448	1,084
Net cash generated from / (used in) investing activities (B)	(2,785)	4,815
C Cash Flow from Financing Activities		
Proceeds from issuance of equity shares from exercise of stock options	442	868
Payment of dividend	(42,633)	(39,813)
Transaction with Non Controlling Interest	-	307
Proceeds from Long-Term Borrowings	658	621
Repayment of Long-Term Borrowings	(321)	(211)
Movement in Short-Term Borrowings (net)	(1,931)	(2,030)
Repayment of lease liabilities	(4,426)	(5,177)
Finance Costs paid	(2,570)	(1,231)
Net cash used in financing activities (C)	(50,781)	(46,666)
Net Increase in cash and cash equivalents during the year (D=A+B+C)	2,154	11,002
Effect of exchange rate changes on cash and cash equivalents (E)	520	(17)
Cash and Cash Equivalents at the beginning of the year (F)	37,889	26,904
Cash and Cash Equivalents at the end of the year (G=D+E+F)	40,563	37,889

Notes :

1 These results have been prepared on the basis of the audited consolidated financial statements 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 27, 2023.

2 The Board of Directors has recommended a final dividend of Rs. 32 per equity share on face value of Rs.5 each (640%).

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 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.

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 year ended March 31, 2023, 2,313,996 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. 12 Million and securities premium by Rs. 438 Million.

6 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. Consequently the Company recognized an impairment of Rs. 2,370 Million in statement of profit and loss for the year ended March 31, 2023, Quarter Ended ("QE") March 31, 2023: Rs. 2,126 Million) (QE December 31, 2022 : Rs. Nil) (QE March 31, 2022: Rs. Nil) (Year ended March 31, 2022: Rs.Nil).

7 Tax expense for the Quarter Ended ("QE") March 31, 2023 is net reversals of Rs. Nil of earlier periods. (QE December 31, 2022: Rs. 595 Million ; QE March 31, 2022: Rs. 126 Million).
Tax expense for the Year ended ("YE") March 31, 2023 is net of reversal of Rs. 315 Million of earlier periods (YE March 31, 2022: Rs. 185 Million).

8 Emphasis of Matter**The Emphasis of Matter in the Auditor's Report:**

With relation to Note 3 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.

9 The figures for the quarter ended March 31, 2023 and March 31, 2022, are balancing figure between the audited figures for the year ended March 31, 2023 and March 31, 2022 and the published year-to date figures for nine months ended December 31, 2022 '(audited)' and December 31, 2021 '(unaudited)' respectively.

10 The audited consolidated 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 27, 2023
Place : Pune

C. P. Gurnani
Managing Director & CEO