

**Tech Mahindra Limited**

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**Standalone Audited Financial Results for the quarter and year ended March 31, 2020**

	Particulars	Quarter ended			Rs. in Million Year ended	
		March 31, 2020	December 31, 2019	March 31, 2019	March 31, 2020	March 31, 2019
		1	Revenue from Operations	75,719	76,991	70,731
2	Other Income	12,577	2,896	2,920	23,662	9,598
3	<b>Total Income (1 + 2)</b>	<b>88,296</b>	<b>79,887</b>	<b>73,651</b>	<b>315,916</b>	<b>281,879</b>
4	<b>EXPENSES</b>					
	Employee Benefit Expenses	23,336	23,579	22,062	92,827	84,473
	Subcontracting Expenses	30,399	31,092	26,357	116,074	101,234
	Finance Costs	269	157	103	667	431
	Depreciation and Amortisation Expense	1,720	1,669	1,521	6,674	6,592
	Other Expenses	11,843	10,895	9,679	40,798	33,862
	Impairment of Non current investments (Refer Note 9)	5,554	-	1,021	5,554	1,021
	<b>Total Expenses</b>	<b>73,121</b>	<b>67,392</b>	<b>60,743</b>	<b>262,594</b>	<b>227,613</b>
5	<b>Profit before Tax (3 - 4)</b>	<b>15,175</b>	<b>12,495</b>	<b>12,908</b>	<b>53,322</b>	<b>54,266</b>
6	<b>Tax Expense</b>					
	Current Tax	1,614	3,448	3,110	8,813	10,652
	Deferred Tax	(357)	(185)	(6)	(836)	(183)
	<b>Total Tax Expense</b>	<b>1,257</b>	<b>3,263</b>	<b>3,104</b>	<b>7,977</b>	<b>10,469</b>
7	<b>Profit after tax (5 - 6)</b>	<b>13,918</b>	<b>9,232</b>	<b>9,804</b>	<b>45,345</b>	<b>43,797</b>
8	<b>Other Comprehensive Income / (losses)</b>					
	A. Items that will not be reclassified to Profit or Loss (net of taxes)	(34)	56	(19)	(98)	(92)
	B. Items that will be reclassified to Profit or Loss (net of taxes)	(1,672)	(1,648)	1,002	(3,136)	1,763
	<b>Total Other Comprehensive Income (A+B)</b>	<b>(1,706)</b>	<b>(1,592)</b>	<b>983</b>	<b>(3,234)</b>	<b>1,671</b>
9	<b>Total Comprehensive Income (7 + 8)</b>	<b>12,212</b>	<b>7,640</b>	<b>10,787</b>	<b>42,111</b>	<b>45,468</b>
10	Paid-up Equity Share Capital (Face Value of Share Rs. 5)	4,829	4,827	4,917	4,829	4,917
11	Total Reserves				217,905	201,559
12	<b>Earnings Per Equity Share in Rs.</b> <i>(EPS for the quarter ended periods is not annualised)</i>					
	- Basic	14.39	9.55	9.98	46.89	44.57
	- Diluted	14.29	9.48	9.83	46.56	43.92

Particulars	Rs. in Million	
	As at March 31, 2020	As at March 31, 2019
<b>Balance Sheet as at March 31, 2020 (Standalone - Audited)</b>		
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
(a) Property, Plant and Equipment	20,069	19,019
(b) Capital Work-in-Progress	352	2,717
(c) Right-of-Use Asset	5,383	-
(d) Investment Property	997	1,141
(e) Intangible Assets	6,908	7,695
(f) Financial Assets		
(i) Investments	58,883	66,287
(ii) Trade Receivables	-	-
(iii) Other Financial Assets	4,249	4,559
(g) Income Tax Assets (Net)	18,880	17,093
(h) Deferred Tax Assets (Net)	4,364	2,182
(i) Other Non-Current Assets	2,704	3,540
<b>Total Non - Current Assets</b>	<b>122,789</b>	<b>124,233</b>
<b>Current Assets</b>		
(a) Financial Assets		
(i) Investments	47,603	63,320
(ii) Trade Receivables	62,120	59,639
(iii) Cash and Cash Equivalents	18,038	9,599
(iv) Other Balances with Banks	542	2,504
(v) Loans	76	68
(vi) Other Financial Assets	32,844	25,011
(b) Other Current Assets	19,208	19,046
<b>Total Current Assets</b>	<b>180,431</b>	<b>179,187</b>
<b>Total Assets</b>	<b>303,220</b>	<b>303,420</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity Share Capital	4,829	4,917
(b) Other Equity	217,905	201,559
<b>Total Equity</b>	<b>222,734</b>	<b>206,476</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	-	43
(ii) Lease liabilities	3,424	-
(ii) Other Financial Liabilities	3,026	2,032
(b) Provisions	4,594	4,101
<b>Total Non - Current Liabilities</b>	<b>11,044</b>	<b>6,176</b>
<b>Current liabilities</b>		
(a) Financial Liabilities		
(i) Lease liabilities	1,385	-
(ii) Trade Payables		
(1) Dues of micro enterprises and small enterprises	42	18
(2) Dues of creditors other than micro enterprises and small enterprises	25,214	28,830
(iii) Other Financial Liabilities	8,230	27,156
(b) Other Current Liabilities	12,531	12,165
(c) Provisions	1,859	1,997
(d) Income Tax Liabilities (Net)	7,877	8,298
<b>Total Current Liabilities</b>	<b>57,138</b>	<b>78,464</b>
Suspense Account (Net)	12,304	12,304
<b>Total Equity and Liabilities and Suspense Account</b>	<b>303,220</b>	<b>303,420</b>

## Cash Flow Statement ( Standalone-Audited )

Rs. in Million

	For the year ended	
	March 31, 2020	March 31, 2019
<b>(A) Cash Flow from Operating Activities</b>		
Profit before Tax	53,322	54,266
Adjustments for :		
Depreciation and Amortization Expense	6,673	6,592
Allowances for Doubtful Receivables / Advances and Deposits and Bad Debts written off (net)	2,539	1,410
Net gain on disposal of Property, Plant and Equipment and Intangible Assets	(4)	(149)
Finance Costs	667	431
Unrealized Exchange Gain (Net)	(2,658)	(635)
Share Based Payments to Employees	1,093	1,091
Loss on sale of investment in subsidiaries (Net)	443	-
Provision for Impairment of non current investments	5,554	1,021
Interest Income	(2,257)	(1,959)
Rental Income	(320)	(294)
Dividend Income on Investments / Distributions from benefit trust	(14,634)	(2,689)
Gain on investments carried at fair value through profit and loss ( net)	(1,889)	(2,212)
	<b>48,529</b>	<b>56,873</b>
Changes in working capital :		
Trade Receivables and Other Assets	(9,518)	(15,179)
Trade Payables, Other Liabilities and Provisions	(4,186)	8,351
	<b>(13,704)</b>	<b>(6,828)</b>
Cash generated from operating activities before taxes	34,825	50,045
Income taxes paid, net	(11,021)	(13,708)
<b>Net cash generated from Operating activities (A)</b>	<b>23,804</b>	<b>36,337</b>
<b>(B) Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment and Intangible Assets	(5,789)	(5,512)
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	13	179
Purchase of Mutual Funds, Debentures and Other Investments	(316,144)	(225,689)
Proceeds from sale/ redemption of Mutual Funds, Debentures and Other Investments	340,983	203,066
Repayment of Loan by Subsidiaries	-	1,597
Dividend Income / Distributions from benefit trust	14,297	2,447
Investment in Associate and Subsidiaries	(5,728)	(3,019)
Proceeds from sale of Subsidiary	224	6
Rental Income	238	316
Fixed Deposit / Margin Money Placed	(530)	(73,281)
Fixed Deposit / Margin Money Realized	2,563	83,017
Interest income received	2,394	1,453
<b>Net cash generated from/(used in) Investing activities (B)</b>	<b>32,521</b>	<b>(15,420)</b>
<b>(C) Cash Flow from Financing Activities</b>		
Proceeds from Issuance of Equity Shares from exercise of stock options	467	359
Buyback of equity shares	(19,556)	-
Payment of dividend (including Dividend Distribution Tax thereon)	(27,522)	(16,411)
Deposits placed / earmarked for buyback of equity shares	-	(2,106)
Repayment of lease liabilities	(1,145)	-
Repayment of borrowings (net)	-	(1,740)
Finance costs paid	(668)	(462)
<b>Net cash used in Financing activities (C)</b>	<b>(48,424)</b>	<b>(20,360)</b>
<b>Net increase/(decrease) in cash and cash equivalents during the period (D) = (A+B+C)</b>	<b>7,901</b>	<b>558</b>
Effect of exchange rate changes on cash and cash equivalents (E)	538	129
<b>Cash and Cash Equivalents at the beginning of the year (F)</b>	<b>9,599</b>	<b>8,912</b>
<b>Cash and Cash Equivalents at the end of the period (G) = (D+E+F)</b>	<b>18,038</b>	<b>9,599</b>

**Notes :**

- 1 The quarterly and yearly financial results have been reviewed by the Audit Committee and taken on record by the Board of Directors in its meeting held on April 30, 2020.
- 2 The Board of Directors has recommended a final dividend of Rs. 5/- per share on face value of Rs. 5/- (100%).
- 3 The Company has considered the possible effects that may result from COVID-19, a global pandemic, on the carrying amount of receivables, unbilled revenue, intangible assets and goodwill. In developing the assumptions relating to the possible future uncertainties in global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts. The Company based on current estimates expects the carrying amount of the above assets will be recovered, net of provisions established.
- 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.  
 In view of these 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 scheme of merger approved by National Company Law Tribunal, Mumbai bench, with an appointed date of April 1, 2019 all assets and liabilities of Tech Mahindra Growth Factories Limited have been transferred to the Company at book values, in accordance with the 'pooling of interests' method as per Appendix C of Ind AS 103 'Business Combinations' and comparatives have been restated from the beginning of the previous year i.e. from April 1, 2018.
- 6 Pursuant to a scheme of merger approved by National Company Law Tribunal, Bengaluru and Mumbai benches, with an appointed date of June 1, 2019 all assets and liabilities of Dynacommerce India Private Limited have been transferred to the Company at book values in accordance with the 'pooling of interests' method as per Appendix C of Ind AS 103 'Business Combinations' and comparatives have been restated from the date of acquisition i.e. from May 9, 2019.
- 7 The Company, pursuant to a share purchase agreement acquired 100% stake in Born Commerce Private Limited on November 25, 2019 for a consideration of USD 12 million (Rs. 873 Million). Further the Company through its wholly owned subsidiary Tech Mahindra Singapore Pte. Limited, acquired 100% stake in Born Singapore Pte. Limited on November 26, 2019 for an upfront consideration of USD 59 Million (Rs. 4,224 Million) and USD 23.10 million (Rs.1,657 million) contingent consideration linked to financial performance of calendar year 2019.
- 8 The Company has entered into an agreement to acquire 51% stake in Cerium Systems Private Limited ("the Cerium") vide Share Purchase Agreement dated January 31, 2020 (Amended and restated dated April 9, 2020) for estimated enterprise value of Rs. 2,450 Million. Further, the Company has agreed to buy the balance 49% stake over the period of three years at valuation linked to financial performance of Cerium Systems Private Limited.
- 9 The Company based on the performance of few of the subsidiaries and the relevant economic and market indicators have led the Company to reassess recoverable amount of investment in those subsidiaries as on March 31, 2020. Consequently the Company recognised an impairment provision of INR 5,554 Million in statement of profit and loss for the year ended 31 March 2020.
- 10 Tax expense for the Quarter Ended ("QE") March 31, 2020 is net of excess provision of Rs. 622 Million of earlier periods, no longer required, written back (QE December 31, 2019: Rs. Nil ; QE March 31, 2019: Rs. Nil).  
 Tax expense for the year ended March 31, 2020 is net of excess provision of Rs.2,451 Million of earlier periods, no longer required, written back (year ended March 31, 2019: Rs. 3,018 Million).
- 11 Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives information have not been restated. The effect of adoption of this standard is not significant on the profit for the period and earnings per share.
- 12 Previous period's figures have been regrouped wherever necessary.
- 13 **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.
- 14 **Management response to Emphasis of Matter:**  
 With regard to the Emphasis of Matter stated in Note 13 above, there are no additional developments on Emphasis of Matter mentioned in Note 4 above which require adjustments to the financial results.
- 15 The figures for the quarter ended March 31, 2020 and corresponding quarter ended in the previous year as reported in these standalone financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the end of the third quarter of the relevant financial year, as adjusted to give effect to the scheme of merger explained in Note 5 and Note 6.
- 16 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 30, 2020  
 Place : Mumbai

C. P. Gurnani  
 Managing Director & CEO