

Mindtree Limited

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AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2019
Rs in million, except per share data

Particulars	Quarter ended			Six months ended		Year ended
	September 30, 2019	June 30, 2019	September 30, 2018*	September 30, 2019	September 30, 2018*	March 31, 2019
Revenue from operations	19,143	18,342	17,554	37,485	33,949	70,215
Other income, net	197	220	524	417	803	893
Total income	19,340	18,562	18,078	37,902	34,752	71,108
Expenses						
Employee benefits expense	12,647	12,532	11,171	25,179	21,566	44,211
Finance costs (refer note 5)	138	130	1	268	29	29
Depreciation and amortisation expense (refer note 5)	707	669	403	1,376	803	1,641
Other expenses	4,014	3,969	3,685	7,983	7,375	15,360
Total expenses	17,506	17,300	15,260	34,806	29,773	61,241
Profit before tax	1,834	1,262	2,818	3,096	4,979	9,867
Tax expense						
Current tax (refer note 7)	592	354	834	946	1,481	2,456
Deferred tax	(108)	(19)	(78)	(127)	(146)	(129)
Net profit for the period	1,350	927	2,062	2,277	3,644	7,540
Other comprehensive income:						
A. (i) Items that will not be reclassified to profit or loss	(44)	(35)	(3)	(79)	(48)	(86)
(ii) Income tax relating to items that will not be reclassified to profit or loss	11	8	-	19	11	21
B. (i) Items that will be reclassified to profit or loss	(49)	-	139	(49)	260	262
(ii) Income tax relating to items that will be reclassified to profit or loss	17	-	-	17	-	-
Total other comprehensive income	(65)	(27)	136	(92)	223	197
Total comprehensive income for the period	1,285	900	2,198	2,185	3,867	7,737
Paid up equity share capital (face value Rs. 10/- each)	1,646	1,645	1,642	1,646	1,642	1,642
Reserves	28,454	31,887	28,689	28,454	28,689	31,418
Earnings per share (EPS):						
Basic EPS (Rs.)	8.20	5.64	12.57	13.85	22.22	45.94
Diluted EPS (Rs.)	8.20	5.64	12.54	13.85	22.17	45.84

* Refer note 6

AUDITED SEGMENT REVENUE AND RESULTS
Rs in million

Particulars	Quarter ended			Six months ended		Year ended
	September 30, 2019	June 30, 2019	September 30, 2018*	September 30, 2019	September 30, 2018*	March 31, 2019
Segment revenue						
Retail, CPG and Manufacturing	4,150	4,077	3,818	8,227	7,600	15,660
Banking, Financial Services and Insurance	4,136	3,953	3,924	8,089	7,579	15,472
High Technology and Media	7,612	7,226	6,892	14,838	13,262	27,586
Travel and Hospitality	3,245	3,086	2,920	6,331	5,508	11,497
Total	19,143	18,342	17,554	37,485	33,949	70,215
Segment results						
Retail, CPG and Manufacturing	664	575	578	1,239	1,193	2,578
Banking, Financial Services and Insurance	468	190	221	658	342	628
High Technology and Media	1,016	892	1,409	1,908	2,673	5,810
Travel and Hospitality	334	184	490	518	800	1,628
Total	2,482	1,841	2,698	4,323	5,008	10,644
Unallocable						
Expenses	707	669	403	1,376	803	1,641
Finance costs	138	130	1	268	29	29
Other income	197	220	524	417	803	893
Profit before tax	1,834	1,262	2,818	3,096	4,979	9,867

* Refer note 6

Notes on segment information
Principal segments

The Company is structured into four industry verticals – Retail, CPG and Manufacturing (RCM), Banking, Financial Services and Insurance (BFSI), High Technology and Media (Hi-tech) and Travel and Hospitality (TH). Accordingly, the Company has presented its segment results under these business segments.

Segment assets and liabilities

Segregation of assets, liabilities, depreciation and other non-cash expenses into various business segments has not been carried out as the assets are used interchangeably between segments. Accordingly, no disclosure relating to segment assets and liabilities has been made.

AUDITED STANDALONE BALANCE SHEET
Rs in million

Particulars	As at	
	September 30, 2019	March 31, 2019
ASSETS		
Non-current assets		
Property, plant and equipment	4,112	3,757
Capital work in progress	41	297
Right-of-use assets (refer note 5)	5,964	-
Goodwill	4,730	4,730
Other intangible assets	969	1,180
Financial assets		
Investments	788	1,216
Loans	505	675
Deferred tax assets (Net)	532	388
Other non-current assets	1,802	1,889
	19,443	14,132
Current assets		
Financial assets		
Investments	5,239	6,836
Trade receivables	13,476	13,356
Cash and cash equivalents	1,961	2,547
Loans	12	123
Other financial assets	2,677	2,528
Other current assets	1,775	2,268
	25,140	27,658
TOTAL ASSETS	44,583	41,790
EQUITY AND LIABILITIES		
Equity		
Equity share capital	1,646	1,642
Other equity	28,454	31,418
	30,100	33,060
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	-	5
Lease liabilities (refer note 5)	5,236	-
Other financial liabilities	1	1
Other non current liabilities	-	173
	5,237	179
Current liabilities		
Financial liabilities		
Lease liabilities (refer note 5)	628	-
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	22	3
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,157	2,128
Other financial liabilities	2,520	2,434
Other current liabilities	1,421	1,838
Provisions	1,746	1,399
Current tax liabilities (Net)	752	749
	9,246	8,551
	14,483	8,730
TOTAL EQUITY AND LIABILITIES	44,583	41,790

AUDITED STANDALONE STATEMENT OF CASH FLOWS
Rs in million

Particulars	For the six months ended	
	September 30, 2019	September 30, 2018*
Cash flow from operating activities		
Profit for the period	2,277	3,644
Adjustments for :		
Income tax expense	819	1,335
Depreciation and amortization expense	1,376	803
Share based payments to employees	47	42
Allowance for expected credit losses	120	93
Finance costs	268	29
Interest income on financial assets at amortised cost	(101)	(64)
Net gain on disposal of property, plant and equipment	(8)	(9)
Net gain on financial assets designated at fair value through profit or loss	(285)	(124)
Unrealised exchange difference on lease liabilities	57	-
Unrealised exchange difference on derivatives	70	53
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(28)	(136)
<i>Changes in operating assets and liabilities</i>		
Trade receivables	(240)	(2,921)
Other assets	248	(337)
Trade payables	85	433
Other liabilities	(481)	(293)
Provisions	347	369
Net cash provided by operating activities before taxes	4,571	2,917
Income taxes paid, net of refunds	(991)	(1,046)
Net cash provided by operating activities	3,580	1,871
Cash flow from investing activities		
Purchase of property, plant and equipment	(811)	(648)
Proceeds from sale of property, plant and equipment	8	24
Interest income on financial assets at amortised cost	52	28
Purchase of investments	(13,272)	(7,754)
Proceeds from sale of investments	15,649	8,829
Net cash provided by investing activities	1,626	479
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	4	3
Payment of lease liabilities	(204)	-
Finance costs (including interest towards lease liabilities)	(268)	(40)
Repayment of long-term borrowings	(5)	(4)
Repayment of short-term borrowings	-	(3,000)
Dividends paid (including distribution tax)	(5,351)	(993)
Net cash (used in) financing activities	(5,824)	(4,034)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	28	136
Net (decrease) in cash and cash equivalents	(590)	(1,548)
Cash and cash equivalents at the beginning of the period	2,544	3,262
Cash and cash equivalents at the end of the period	1,954	1,714

* Refer note 6

Notes to audited Standalone financial results for the quarter and six months ended September 30, 2019

- 1 The standalone financial results for the quarter and six months ended September 30, 2019 have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'). The above results were reviewed by the Audit Committee and thereafter have been adopted by the Board at its meeting held on October 16, 2019.
- 2 The interim dividend of 30% (Rs 3 per equity share of par value Rs 10 each) declared by the Board of Directors, at its meeting held on April 17, 2019, final dividend of 40% (Rs 4 per equity share of par value Rs 10 each) and the special dividend of 200% (Rs 20 per equity share of par value Rs 10 each) that were approved Annual General Meeting held on July 16, 2019, were paid during the period that resulted in a cash outflow of Rs 5,353 million including dividend distribution tax of Rs 913 million. The Board of Directors at its meeting held on October 16, 2019 have declared an interim dividend of 30% (Rs 3 per equity share of par value Rs 10 each).
- 3 The statement of financial results have been audited by the Company's auditors. The Company's auditors have issued an unmodified audit opinion on the financial results. The audit report has been filed with the stock exchanges and is also available on the Company's website.
- 4 The following are the board changes:
- i) The Nomination and Remuneration Committee and the Board of Directors of the Company, at their meetings held on July 17, 2019, approved and recommended the appointment of Mr. Anilkumar Manibhai Naik as an Additional Director and designated him as Non-Executive Chairman with effect from July 18, 2019 and the same is approved by shareholders through Postal Ballot by way of special resolution on September 23, 2019.
- ii) The Nomination and Remuneration Committee and the Board of Directors of the Company, at their meetings held on August 2, 2019, approved and recommended the appointment of Mr. Debashis Chatterjee as CEO and Managing Director for a period commencing from August 2, 2019 to August 1, 2024 and the same is approved by shareholders through Postal Ballot on September 23, 2019.
- iii) The Nomination and Remuneration Committee and the Board of Directors of the Company, at their meetings held on August 2, 2019, approved the appointment of Mr. Sekharipuram Narayanan Subrahmanyam as Non-Executive Vice-Chairman of the Company with effect from August 2, 2019.
- 5 The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. As a result, the comparative information has not been restated.
On transition to Ind AS 116, the Company recognised right-of-use assets amounting to Rs 6,369 million, related accumulated depreciation amounting to Rs 138 million, lease liabilities amounting to Rs 5,800 million and Rs 157 million (credit) in retained earnings as at April 1, 2019. The Company has discounted lease payments using the applicable incremental borrowing rate as at April 1, 2019 for measuring the lease liability.
During the quarter and six months ended September 2019, the Company has recognised interest expense on lease liabilities amounting to Rs 138 million and Rs 268 million respectively and depreciation on right-of-use assets amounting to Rs 253 million and Rs 486 million respectively.
- 6 The Board of Directors at its meeting held on October 6, 2017, had approved the Scheme of Amalgamation ("the Scheme") of its wholly owned subsidiary, Magnet 360, LLC ("Magnet") ("Transferor Company") with Mindtree Limited ("Transferee Company") with an appointed date of April 1, 2017. The Company had filed an application with the National Company Law Tribunal (NCLT), Bengaluru Bench. The Scheme was approved by NCLT during the year ended March 31, 2019 vide order dated November 29, 2018. The amalgamation has been accounted under the 'pooling of interests' method based on the carrying value of the assets and liabilities of Magnet as included in the consolidated Balance Sheet of the Company as at the earliest period presented.

Since the above transaction results in a common control business combination, considering the requirements of Ind AS 103 – Business Combinations, the accounting for the above transactions have been given effect retrospectively by the Company. Accordingly, the financial statements for the corresponding period (quarter and six months ended September 30, 2018) have been restated to give effect to the above Scheme.

The audited standalone financial results for the comparative periods as previously published are as follows:

Particulars	Rs in million	
	Quarter ended	Six months ended
	September 30, 2018	September 30, 2018
Revenue from operations	17,081	33,028
Profit before tax	2,914	5,083
Profit after tax	2,162	3,753

The audited standalone total assets, liabilities and equity for the comparative periods as previously published are as follows:

Particulars	Rs in million
	As at September 30, 2018
Total assets	38,664
Total liabilities	7,517
Total equity	31,147

- 7 Tax expense for the year ended March 31, 2019 is after considering the tax reversal arising pursuant to the Scheme of Amalgamation of the Company's wholly-owned subsidiary.
- 8 EPS for the interim periods are not annualized.

For and on behalf of the Board of Mindtree Limited

Mumbai, India
October 16, 2019

Debashis Chatterjee
CEO & Managing Director