

Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Shareholder report

Third quarter ended December 31, 2020

January 25, 2021

Dear Shareholder,

Trust you and your loved ones are safe and keeping well. On behalf of Mindtree, we take this opportunity to wish you and your family a happy, healthy and prosperous 2021.

As we end Q3 FY2021, we are happy to share that we have delivered our strongest third quarter performance in recent years. We recorded a revenue of USD 274.1M representing broad-based growth of 5.0% Q-o-Q. EBITDA was 23.1%, an expansion of 350 basis points sequentially. As we move into 2021, we are well positioned to sustain profitable growth, and this reflects in our performance.

Our strategic initiatives are resonating well with clients, for who we are creating further competitive advantage by building on existing strengths and realigning our capabilities. For the quarter, our order book of USD 312M represents 51% YoY growth. For the 9 months of this financial year, we are pleased to report our order book has crossed the USD 1B mark. We will continue to ensure the success and well-being of our clients, Mindtree Minds, and the society.

Our cash flow from operations continue to remain strong. For the quarter, EBITDA to operating cash flow is at 125.9% and to free cash flow is at 123.9%.

Our strategic investments in people, technology, and partnerships are opening numerous opportunities for us to “**Redefine Possibilities**” for our clients. Continuing our journey of profitable growth, we expect the growth momentum to continue in the coming quarters. We are helping our clients unlock new levels of agility to aid their transformation journeys, while maintaining focus on cost takeout from the traditional areas of business. All of this has been possible because of the strength and grounding that we draw from our consistent and focused strategic agenda, our constantly future-ready talent and a partner-led focus model. On the back of this momentum, we also continue to set high standards of operational efficiency.

None of this would have been possible without your unequivocal trust in us. We thank you for your continued support and encouragement.

Key highlights and summary financial results of the quarter are provided in the next section.

Warm regards,



Debashis Chatterjee
Chief Executive Officer and Managing
Director



Vinit Teredesai
Chief Financial Officer



Key financial highlights:

Quarter ended December 31, 2020

- In USD:
 - Revenue at \$274.1 million (growth of 5.0% q-o-q / decline of 0.4% y-o-y)
 - Net profit at \$44.2 million (growth of 28.6% q-o-q / 59.3% y-o-y)
- In INR:
 - Revenue at ₹20,237 million (growth of 5.1% q-o-q / 3.0% y-o-y)
 - Net profit at ₹3,265 million (growth of 28.7% q-o-q / 65.7% y-o-y)

Other highlights:

- Clients:
 - 276 active clients as of December 31, 2020
 - 8 new clients added during the quarter
- People:
 - 22,195 Mindtree Minds as of December 31, 2020
 - Trailing 12 months attrition is 12.5%
- Q3 deal wins with leading global clients:
 - We have been chosen to drive the digital transformation journey of a leading global wind turbine manufacturer. As part of this five year deal, Mindtree will simplify, modernize, and transform the entire IT landscape of the client globally, while providing scalability to support the company's growth plans
 - Mindtree partnered with a large global airline, as a strategic technology partner, to enhance consumer experience on mobile digital platforms. We will provide application development and maintenance services to enhance the features of the mobile application along with underlying services layer
 - A world-leading sportswear brand selected Mindtree as a strategic partner for a multi-year engagement to provide application development services to accelerate their journey towards a product led and outcome-oriented organization
 - Mindtree has been selected by a US based diverse insurance and reinsurance provider to provide end to end IT infrastructure management and cloud services, resulting in enhanced efficiency and speed of business standardization



- Recognition:
 - Mindtree has been recognized as a winner in SHRM HR Excellence Awards 2020 under Excellence in HR Analytics Award category
 - Mindtree has been honored with the title of IT Pride of Karnataka - 2019-20 by STPI IT Export Awards, granted by STPI (Software Technology Parks of India) of Karnataka
 - Mindtree has been awarded as a top performer, with a score of A-, in the 2020 Climate Change ranking by Carbon Disclosure Project (CDP)
 - Mindtree recognized as a leader in ISG Provider Lens™ for Next-gen Application Development and Maintenance (ADM) Services (U.S.) 2020 in application maintenance services, agile development, and continuous testing
 - Mindtree recognized as leaders in ISG Provider Lens™ for Digital Business Solutions and Service Partners 2020 (Australia) and Public Cloud Solutions and Services for Midmarket 2020 (U.S.)

Extract of the audited consolidated financial results for the quarter and nine months ended December 31, 2020 (₹ in millions, except per share data)

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
Revenue from operations	20,237	19,260	19,653	58,585	57,138	77,643
Other income, net	616	245	348	1,128	765	756
Total income	20,853	19,505	20,001	59,713	57,903	78,399
Expenses						
Employee benefits expense	12,610	12,623	12,535	38,009	37,714	50,647
Finance costs	127	132	133	390	401	529
Depreciation and amortisation expense	717	569	699	1,883	2,075	2,754
Other expenses	2,948	2,734	4,055	8,635	12,038	16,181
Total expenses	16,402	16,058	17,422	48,917	52,228	70,111
Profit before tax	4,451	3,447	2,579	10,796	5,675	8,288
Tax expense						
Current tax	1,386	962	662	3,075	1,608	2,333
Deferred tax	(200)	(52)	(53)	(211)	(180)	(354)
Net profit for the period	3,265	2,537	1,970	7,932	4,247	6,309
Other comprehensive income:						
A. (i) Items that will not be reclassified to profit or loss	(132)	(16)	7	(162)	(72)	(109)
(ii) Income tax relating to items that will not be reclassified to profit or loss	31	4	(2)	38	17	26
B. (i) Items that will be reclassified to profit or loss	1,252	2,174	110	4,817	61	(3,128)
(ii) Income tax relating to items that will be reclassified to profit or loss	(437)	(760)	(38)	(1,683)	(21)	1,093
Total other comprehensive income/(loss)	714	1,402	77	3,010	(15)	(2,118)
Total comprehensive income/(loss) for the period	3,979	3,939	2,047	10,942	4,232	4,191
Paid up equity share capital (face value Rs.10/- each)	1,647	1,647	1,646	1,647	1,646	1,646
Reserves	38,048	35,275	29,933	38,048	29,933	29,922
Earnings per share (EPS) (refer note 7):						
Basic EPS (Rs.)	19.82	15.41	11.97	48.18	25.82	38.35
Diluted EPS (Rs.)	19.81	15.40	11.96	48.16	25.82	38.33

AUDITED SEGMENT REVENUE AND RESULTS

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
Segment revenue						
Retail, CPG and Manufacturing	4,381	4,139	4,048	12,447	12,275	16,439
Banking, Financial Services and Insurance	3,956	3,922	4,195	11,757	12,284	16,479
Communications, Media and Technology	10,089	9,597	8,139	29,423	22,977	31,793
Travel and Hospitality	1,811	1,602	3,271	4,958	9,602	12,932
Total	20,237	19,260	19,653	58,585	57,138	77,643
Segment results						
Retail, CPG and Manufacturing	1,051	927	740	2,761	1,979	2,844
Banking, Financial Services and Insurance	916	830	627	2,531	1,285	2,001
Communications, Media and Technology	2,395	1,910	1,317	6,419	3,225	4,754
Travel and Hospitality	317	117	379	230	897	1,299
Total	4,679	3,784	3,063	11,941	7,386	10,898
Unallocable						
Expenses	717	450	699	1,883	2,075	2,837
Finance costs	127	132	133	390	401	529
Other income	616	245	348	1,128	765	756
Profit before tax	4,451	3,447	2,579	10,796	5,675	8,288

Notes on segment information

Principal segments

The Group is structured into four industry verticals – Retail, CPG and Manufacturing (RCM), Banking, Financial Services and Insurance (BFSI), Communications, Media and Technology (CMT) (erstwhile High Technology and Media - Hi-tech) and Travel and Hospitality (TH). Accordingly, the Group 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.



Key Financial Metrics & Ratios

₹ million)	Q3 FY20	Q2 FY21	Q3 FY21	Growth (%)	
				Q-o-Q	Y-o-Y
Revenue	19,653	19,260	20,237	5.1%	3.0%
EBITDA	3,063	3,784	4,679	23.7%	52.8%
EBIT	2,364	3,215	3,962	23.2%	67.6%
PAT	1,970	2,537	3,265	28.7%	65.7%
Diluted EPS (Rs.)	11.96	15.40	19.81	28.7%	65.6%

(\$ million)	Q3 FY20	Q2 FY21	Q3 FY21	Growth (%)	
				Q-o-Q	Y-o-Y
Revenue	275.2	261.0	274.1	5.0%	(0.4)%
EBITDA	43.0	51.2	63.3	23.5%	47.1%
EBIT	33.3	43.5	53.6	23.2%	61.2%
PAT	27.7	34.3	44.2	28.6%	59.3%

Cash Flow (₹ million)	Q3 FY20	Q2 FY21	Q3 FY21
Free Cash flow	4,095	4,333	5,800
Cash and Investments	11,398	20,697	25,234

Key Ratios	Q3 FY20	Q2 FY21	Q3 FY21
EBITDA Margin (%)	15.6%	19.6%	23.1%
EBIT Margin (%)	12.0%	16.7%	19.6%
Effective Tax Rate (%)	23.6%	26.4%	26.6%
PAT Margin (%)	10.0%	13.2%	16.1%
ROCE (%)	29.6%	34.4%	41.7%
ROE (%)	25.5%	28.4%	34.1%
DSO (Days)	66	65	61

Effective Tax Rate = Tax / PBT

ROCE = EBIT / Average Capital Employed. ROCE is annualized

Note:

This report along with more information on our quarterly results is also available in the investors section of our website (www.mindtree.com). This report is for information purposes. Investors should rely on their own analysis while taking investment decisions and not rely on this report alone.

In the spirit of sensitivity towards the environment we are circulating this over email to shareholders who have updated their e-mail addresses with the depository participant. Please update your email addresses with your depository participant.

For more information, please contact investors@mindtree.com

Safe Harbor:

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause our actual results to differ materially from those in such forward-looking statements. The conditions caused by the COVID-19 pandemic could decrease customer's technology spending, affecting demand for our services, delaying prospective customers' purchasing decisions, and impacting our ability to provide on-site consulting services; all of which could adversely affect our future revenue, margin and overall financial performance. Our operations may also be negatively affected by a range of external factors related to the COVID-19 pandemic that are not within our control. We do not undertake to update any forward-looking statement that may be made from time to time by us or on our behalf.

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