

Mindtree Limited

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AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2020

Rs in million, 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	16,182
Total expenses	16,402	16,058	17,422	48,917	52,228	70,112
Profit before tax	4,451	3,447	2,579	10,796	5,675	8,287
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	6,308
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	4,190
Paid up equity share capital (face value Rs.10/- each)	1,647	1,647	1,646	1,647	1,646	1,646
Reserves	38,046	35,273	29,932	38,046	29,932	29,920
Earnings per share (EPS) (refer note 6):						
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

Rs in million

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	2,000
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	10,897
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	8,287

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), Communications, Media and Technology (CMT) (erstwhile 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		<i>Rs in million</i>	
Particulars	As at		
	December 31, 2020	March 31, 2020	
ASSETS			
Non-current assets			
Property, plant and equipment	3,001	3,400	
Capital work in progress	84	136	
Right-of-use assets	4,912	5,201	
Goodwill	4,730	4,730	
Other intangible assets	397	759	
Financial assets			
Investments	618	820	
Loans	472	457	
Other financial assets	1,099	-	
Deferred tax assets (Net)	363	1,835	
Other non-current assets	1,588	1,693	
	17,264	19,031	
Current assets			
Financial assets			
Investments	22,438	6,944	
Trade receivables	12,296	14,389	
Cash and cash equivalents	2,182	3,894	
Bank balances other than cash and cash equivalents	-	1,961	
Loans	7	99	
Other financial assets	2,414	2,805	
Other current assets	1,972	1,981	
Non-current assets held for sale	-	461	
	41,309	32,534	
TOTAL ASSETS	58,573	51,565	
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1,647	1,646	
Other equity	38,046	29,920	
	39,693	31,566	
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities	4,616	4,964	
Other financial liabilities	6	1,798	
	4,622	6,762	
Current liabilities			
Financial liabilities			
Lease liabilities	889	699	
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	30	8	
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,457	2,546	
Other financial liabilities	3,754	5,283	
Other current liabilities (refer note 7)	2,653	2,305	
Provisions (refer note 7)	2,339	1,016	
Current tax liabilities (Net)	2,136	1,380	
	14,258	13,237	
TOTAL EQUITY AND LIABILITIES	58,573	51,565	

AUDITED STANDALONE STATEMENT OF CASH FLOWS		<i>Rs in million</i>	
Particulars	Nine months ended		
	December 31, 2020	December 31, 2019	
Cash flow from operating activities			
Profit for the period	7,932	4,247	
<i>Adjustments for :</i>			
Income tax expense	2,864	1,428	
Depreciation and amortization expense	1,883	2,075	
Impairment loss recognized on non-current assets held for sale	2	-	
Share based payments to employees	65	72	
Allowance for expected credit losses	142	146	
Finance costs	390	401	
Interest income on financial assets at amortised cost	(121)	(146)	
Net gain on disposal of property, plant and equipment	(45)	(13)	
Net gain on disposal of right-of-use assets	(1)	-	
Net gain on financial assets designated at fair value through profit or loss	(785)	(390)	
Unrealised exchange difference on lease liabilities	(60)	106	
Unrealised exchange difference on fair value hedges	(298)	68	
Effect of exchange differences on translation of foreign currency cash and cash equivalents	57	(63)	
<i>Changes in operating assets and liabilities</i>			
Trade receivables	1,951	(382)	
Other assets	1,147	332	
Bank balances other than cash and cash equivalents	1,961	-	
Trade payables	(67)	356	
Other liabilities	247	792	
Provisions	1,322	143	
Net cash provided by operating activities before taxes	18,586	9,172	
Income taxes paid, net of refunds	(2,184)	(1,288)	
Net cash provided by operating activities	16,402	7,884	
Cash flow from investing activities			
Purchase of property, plant and equipment	(288)	(1,020)	
Proceeds from sale of property, plant and equipment	57	13	
Payment towards initial direct cost of right-of-use assets	(5)	-	
Interest income on financial assets at amortised cost	133	89	
Proceeds from sale of non-current assets held for sale	459	-	
Purchase of investments	(31,241)	(20,394)	
Proceeds from sale of investments	16,703	20,042	
Net cash (used in) investing activities	(14,182)	(1,270)	
Cash flow from financing activities			
Issue of share capital (net of issue expenses paid)	1	4	
Payment of lease liabilities	(601)	(344)	
Finance costs (including interest towards lease liabilities)	(390)	(401)	
Repayment of long-term borrowings	(5)	(5)	
Dividends paid (including distribution tax)	(2,880)	(5,940)	
Net cash (used in) financing activities	(3,875)	(6,686)	
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(57)	63	
Net (decrease) in cash and cash equivalents	(1,712)	(9)	
Cash and cash equivalents at the beginning of the period	3,894	2,544	
Cash and cash equivalents at the end of the period	2,182	2,535	

Cash and cash equivalents		<i>Rs in million</i>	
Particulars	As at		
	December 31, 2020	March 31, 2020	
Balances with banks in current accounts and deposit accounts	2,158	3,871	
Other bank balances	24	23	
Cash and cash equivalents as per balance sheet	2,182	3,894	
Book overdrafts used for cash management purposes	-	-	
Cash and cash equivalents as per statement of cash flows	2,182	3,894	

Reconciliation of liabilities from financing activities for the nine months ended December 31, 2020						<i>Rs in million</i>
Particulars	As at March 31, 2020	Proceeds/ Impact of Ind AS 116	Repayment	Fair value changes	As at December 31, 2020	
	Long-term borrowings (including current portion)	5	-	(5)	-	-
Lease liabilities	5,663	503	(601)	(60)	5,505	
Total liabilities from financing activities	5,668	503	(606)	(60)	5,505	

Reconciliation of liabilities from financing activities for the nine months ended December 31, 2019						<i>Rs in million</i>
Particulars	As at March 31, 2019	Proceeds/ Impact of Ind AS 116	Repayment	Fair value changes	As at December 31, 2019	
	Long-term borrowings (including current portion)	10	-	(5)	-	5
Lease liabilities	-	5,998	(344)	106	5,760	
Total liabilities from financing activities	10	5,998	(349)	106	5,765	

Notes to audited Standalone financial results for the quarter and nine months ended December 31, 2020

- 1 The information presented above is extracted from the audited standalone interim financial statements for the quarter and nine months ended December 31, 2020, audited standalone interim financial statements for the quarter and six months ended September 30, 2020 and the audited standalone financial statements for the year ended March 31, 2020. The standalone interim financial statements for the quarter and nine months ended December 31, 2020 have been prepared in accordance with the recognition and measurement principles laid down in the 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 January 18, 2021.
- 2 The statement of standalone financial results have been audited by the Company's auditors. The Company's auditors have issued an unmodified audit opinion on the standalone financial results. The audit report has been filed with the stock exchanges and is also available on the Company's website.
- 3 **Estimation uncertainty relating to COVID-19 outbreak:**
The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports, up to the date of approval of the financial results in determining the impact on various elements of its financial results. The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company has accrued its liabilities and also expects to fully recover the carrying amount of trade receivables including unbilled receivables, goodwill, intangible assets, investments and derivatives. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial results.
- 4 The Board of Directors at its meeting held on April 24, 2020 had recommended a final dividend of 100% (Rs 10 per equity share of par value Rs 10 each) for the financial year ended March 31, 2020 which was approved by the shareholders at the Annual General Meeting held on July 14, 2020. The Board of Directors at its meeting held on October 15, 2020 had declared an interim dividend of 75% (Rs 7.5 per equity share of par value Rs 10 each). The aforesaid dividends were paid during the period.
- 5 **Board changes and changes in Key Managerial Personnel:**
 - i) The Nomination and Remuneration Committee and the Board of Directors have approved the appointment of Mr. Chandrasekaran Ramakrishnan as Independent Director with effect from July 15, 2020 for a term of five years upto July 14, 2025 and the same was approved by shareholders through Postal Ballot on December 09, 2020.
 - ii) The Nomination and Remuneration Committee and the Board of Directors have approved the appointment of Mr. Dayapatra Nevatia, Chief Operating Officer as Executive Director of the Company with effect from October 15, 2020 for a term of five years upto October 14, 2025 and the same was approved by shareholders through Postal Ballot on December 09, 2020.
 - iii) The Nomination and Remuneration Committee and the Board of Directors have approved the appointment of Mr. Venugopal Lambu, President - Global Markets as Executive Director of the Company with effect from October 15, 2020 for a term of five years upto October 14, 2025 and the same was approved by shareholders through Postal Ballot on December 09, 2020.
- 6 EPS for the interim periods are not annualized.
- 7 Liability for discount as at March 31, 2020 amounting to Rs 708 million has been reclassified from provisions to other current liabilities to conform to better presentation.
- 8 The new Code on Social Security, 2020 (the Code) has been enacted, which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. The Company will complete its evaluation and will give appropriate impact in its financial results in the period in which, the Code becomes effective and the related rules are published.

For and on behalf of the Board of Mindtree Limited

Mumbai, India
January 18, 2021

Debashis Chatterjee
CEO & Managing Director