

Mindtree Limited

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AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2021

Particulars	<i>Rs in million, except per share data</i>					
	Quarter ended			Six months ended		Year ended
	September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
Revenue from operations	25,862	22,917	19,260	48,779	38,348	79,678
Other income, net	747	718	245	1,465	651	1,517
Total income	26,609	23,635	19,505	50,244	38,999	81,195
Expenses						
Employee benefits expense	15,644	13,673	12,623	29,317	25,399	51,132
Finance costs	125	129	132	254	263	504
Depreciation and amortisation expenses	610	582	569	1,192	1,166	2,596
Other expenses	4,911	4,598	2,734	9,509	5,826	11,981
Total expenses	21,290	18,982	16,058	40,272	32,654	66,213
Profit before tax	5,319	4,653	3,447	9,972	6,345	14,982
Tax expense						
Current tax	1,387	1,249	962	2,636	1,689	4,214
Deferred tax	(56)	(31)	(52)	(87)	(11)	(335)
Net profit for the period	3,988	3,435	2,537	7,423	4,667	11,103
Other comprehensive income:						
A. (i) Items that will not be reclassified to profit or loss	41	28	(16)	69	(30)	(117)
(ii) Income tax relating to items that will not be reclassified to profit or loss	(10)	(6)	4	(16)	7	28
B. (i) Items that will be reclassified to profit or loss	876	(80)	2,174	796	3,565	5,206
(ii) Income tax relating to items that will be reclassified to profit or loss	(306)	28	(760)	(278)	(1,246)	(1,819)
Total other comprehensive income/(loss)	601	(30)	1,402	571	2,296	3,298
Total comprehensive income for the period	4,589	3,405	3,939	7,994	6,963	14,401
Paid up equity share capital (face value Rs.10 each)	1,648	1,647	1,647	1,648	1,647	1,647
Reserves	44,940	44,980	35,273	44,940	35,273	41,539
Earnings per share (EPS) (refer note 5):						
Basic EPS (Rs.)	24.20	20.85	15.41	45.06	28.35	67.43
Diluted EPS (Rs.)	24.19	20.84	15.40	45.03	28.34	67.39

AUDITED SEGMENT REVENUE AND RESULTS

Particulars	<i>Rs in million</i>					
	Quarter ended			Six months ended		Year ended
	September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	March 31, 2021
Segment revenue						
Retail, CPG and Manufacturing	6,566	5,059	4,079	11,625	7,966	16,956
Banking, Financial Services and Insurance	4,536	4,162	3,922	8,698	7,801	15,632
Communications, Media and Technology	10,995	10,420	8,924	21,415	17,914	36,937
Travel, Transportation and Hospitality	3,489	3,053	2,124	6,542	4,245	9,317
Healthcare	276	223	211	499	422	836
Total	25,862	22,917	19,260	48,779	38,348	79,678
Segment results						
Retail, CPG and Manufacturing	1,141	550	881	1,691	1,680	3,628
Banking, Financial Services and Insurance	922	902	843	1,824	1,636	3,309
Communications, Media and Technology	2,453	2,550	1,885	5,003	3,731	8,453
Travel, Transportation and Hospitality	765	583	92	1,348	54	905
Healthcare	26	61	83	87	161	270
Total	5,307	4,646	3,784	9,953	7,262	16,565
Unallocable						
Expenses	610	582	450	1,192	1,305	2,596
Finance costs	125	129	132	254	263	504
Other income	747	718	245	1,465	651	1,517
Profit before tax	5,319	4,653	3,447	9,972	6,345	14,982

Notes on segment information
Principal segments

The Company is structured into five industry verticals – Retail, CPG and Manufacturing (RCM), Banking, Financial Services and Insurance (BFSI), Communications, Media and Technology (CMT), Travel, Transportation and Hospitality (TTH) (erstwhile Travel and Hospitality - TH) and Healthcare (HCARE). With effect from April 1, 2021, the Company has expanded its foray into Healthcare industry and has revisited the classification of existing customers. This has resulted in HCARE being introduced as a new segment and expanding the TTH segment to include customers who were involved directly or indirectly with the real estate sector. Accordingly, the Company has regrouped certain customers between the segments and the comparative numbers have been restated to give effect to such change. 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		
	September 30, 2021	March 31, 2021	
ASSETS			
Non-current assets			
Property, plant and equipment	3,611	3,039	
Capital work-in-progress	72	224	
Right-of-use assets	4,813	4,773	
Goodwill	4,730	4,730	
Other intangible assets	150	214	
Financial assets			
Investments	2,081	1,177	
Other financial assets (refer note 6)	2,032	1,701	
Deferred tax assets (net)	160	351	
Other non-current assets	1,519	1,665	
	19,168	17,874	
Current assets			
Inventories	42	-	
Financial assets			
Investments	22,282	19,307	
Trade receivables	16,515	12,742	
Cash and cash equivalents	3,584	7,575	
Other financial assets (refer note 6)	4,512	2,964	
Other current assets	3,477	3,144	
	50,412	45,732	
TOTAL ASSETS	69,580	63,606	
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1,648	1,647	
Other equity	44,940	41,539	
	46,588	43,186	
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities	4,687	4,492	
Other financial liabilities	74	6	
	4,761	4,498	
Current liabilities			
Financial liabilities			
Lease liabilities	847	885	
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	49	43	
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,048	2,630	
Other financial liabilities	5,603	5,250	
Other current liabilities	2,771	2,509	
Provisions	2,542	2,227	
Current tax liabilities (net)	2,371	2,378	
	18,231	15,922	
	22,992	20,420	
TOTAL EQUITY AND LIABILITIES	69,580	63,606	

AUDITED STANDALONE STATEMENT OF CASH FLOWS
Rs in million

Particulars	Six months ended	
	September 30, 2021	September 30, 2020
Cash flow from operating activities		
Profit for the period	7,423	4,667
<i>Adjustments for :</i>		
Income tax expense	2,549	1,678
Depreciation and amortization expenses	1,192	1,166
Impairment loss recognized on non-current assets held for sale	-	2
Share based payments to employees	146	36
Allowance for expected credit losses (net)	21	122
Finance costs	254	263
Interest income on financial assets at amortised cost	(174)	(90)
Interest income on financial assets at fair value through profit or loss	(17)	-
Net gain on disposal of property, plant and equipment	(4)	(44)
Net gain on disposal of right-of-use assets	-	(1)
Net gain on financial assets designated at fair value through profit or loss	(489)	(484)
Unrealised exchange difference on lease liabilities	30	(55)
Unrealised exchange difference on fair value hedges	(48)	(323)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(39)	42
<i>Changes in operating assets and liabilities</i>		
Trade receivables	(3,662)	1,447
Inventories	3	-
Other assets	(1,314)	1,168
Bank balances other than cash and cash equivalents	-	1,961
Trade payables	1,260	(263)
Other liabilities	(428)	(157)
Provisions	304	659
Net cash provided by operating activities before taxes	7,007	11,794
Income taxes paid, net of refunds	(2,432)	(1,280)
Net cash provided by operating activities	4,575	10,514
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(806)	(198)
Proceeds from sale of property, plant and equipment	5	57
Payment towards initial direct cost of right-of-use assets	-	(5)
Payment towards transfer of business (refer note 8)	(990)	-
Interest income on financial assets at amortised cost	97	98
Interest income on financial assets at fair value through profit or loss	17	-
Proceeds from sale of non-current assets held for sale	-	459
Purchase of investments	(15,773)	(21,025)
Proceeds from sale of investments	12,444	10,657
Net cash (used in) investing activities	(5,006)	(9,957)
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	1	1
Payment of lease liabilities	(462)	(384)
Finance costs (including interest towards lease liabilities)	(254)	(263)
Repayment of long-term borrowings	-	(5)
Dividends paid	(2,884)	(1,647)
Net cash (used in) financing activities	(3,599)	(2,298)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	39	(42)
Net (decrease) in cash and cash equivalents	(3,991)	(1,783)
Cash and cash equivalents at the beginning of the period	7,575	3,894
Cash and cash equivalents at the end of the period	3,584	2,111

Cash and cash equivalents
Rs in million

Particulars	As at	
	September 30, 2021	September 30, 2020
Balances with banks in current accounts and deposit accounts	3,560	2,089
Other bank balances	24	22
Cash and cash equivalents as per balance sheet	3,584	2,111
Book overdrafts used for cash management purposes	-	-
Cash and cash equivalents as per statement of cash flows	3,584	2,111

Reconciliation of liabilities from financing activities for the six months ended September 30, 2021
Rs in million

Particulars	As at April 1, 2021	Proceeds/ Impact of Ind AS 116	Repayment	Fair value changes	As at September 30, 2021
Lease liabilities	5,377	589	(462)	30	5,534
Total liabilities from financing activities	5,377	589	(462)	30	5,534

Reconciliation of liabilities from financing activities for the six months ended September 30, 2020
Rs in million

Particulars	As at April 1, 2020	Proceeds/ Impact of Ind AS 116	Repayment	Fair value changes	As at September 30, 2020
Long-term borrowings (including current portion)	5	-	(5)	-	-
Lease liabilities	5,663	503	(384)	(55)	5,727
Total liabilities from financing activities	5,668	503	(389)	(55)	5,727

Notes to audited standalone financial results for the quarter and six months ended September 30, 2021

- 1 The information presented above is extracted from the audited standalone interim financial statements for the quarter and six months ended September 30, 2021, audited standalone interim financial statements for the quarter ended June 30, 2021 and the audited standalone financial statements for the year ended March 31, 2021. The standalone interim financial statements for the quarter and six months ended September 30, 2021 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 on October 12, 2021 and thereafter have been adopted by the Board at its meeting held on October 13, 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 standalone financial results in determining the impact on various elements of its standalone 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 inventories, 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 that estimated as on the date of approval of these standalone financial results.
- 4 The Board of Directors had recommended a final dividend of 175% (Rs 17.5 per equity share of par value Rs 10 each) for the financial year ended March 31, 2021 which was approved by the shareholders at the Annual General Meeting held on July 13, 2021. The aforesaid dividend was paid during the period that resulted in a cash outflow of Rs 2,883 million. The Board of Directors at its meeting held on October 13, 2021 have declared an interim dividend of 100% (Rs 10 per equity share of par value Rs 10 each).
- 5 EPS for the interim periods are not annualized.
- 6 On March 24, 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013, applicable for financial periods commencing from April 1, 2021. Pursuant to such amendments, non-current security deposits of Rs 476 million and current security deposits of Rs 41 million as at March 31, 2021 have been reclassified from 'Loans' to 'Other financial assets'.
- 7 The 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. The Ministry of Labour and Employment (Ministry) has released draft rules for the Code on November 13, 2020 and has invited suggestions from stake holders which are under active consideration by the Ministry. The Company will complete its evaluation and will give appropriate impact in its standalone financial results in the period in which the Code becomes effective and the related rules are published.
- 8 Pursuant to the approval by the Board of Directors on May 14, 2021, the Company entered into a Business Transfer Agreement on May 20, 2021 to acquire the digital transformation business undertaking, incubated and conducted under L&T-NxT ('NxT Digital Business') from Larsen & Toubro Limited (L&T) to enhance the Company's Cloud based IoT and AI capabilities for Industry 4.0, for a cash consideration of Rs 1,980 million (determined based on an independent valuation) and net working capital as on the closing date. The Company has consummated the above transfer of business on July 1, 2021.
The transaction between the Parent (L&T) and Subsidiary (the Company) has been recorded in the books of the Company in accordance with Appendix C – 'Business combinations of entities under common control' of Ind AS 103 – 'Business Combinations' using the pooling of interests method. The financial information pertaining to the transfer of business is not material and accordingly, financial information of the Company in respect of the prior periods has not been restated. Details of the transfer of business is as follows:

Particulars	Amount (Rs million)
Total net assets transferred	209
Purchase consideration	2,065
Excess of consideration over net assets transferred	1,856
Adjusted against:	
a) Capital reserve	87
b) Retained earnings	1,769

For and on behalf of the Board of Mindtree Limited

Mumbai, India
October 13, 2021

Debashis Chatterjee
CEO & Managing Director