

Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Shareholder report

Second quarter ended September 30, 2020

October 23, 2020

Dear Shareholder,

Trust you and your loved ones are safe and keeping well.

We are pleased and encouraged with our performance in delivering broad-based business growth for the quarter. We recorded revenue of USD 261 M with 3.1% sequential growth, EBITDA margin at 19.6% and PAT margin at 13.2%.

Our strategy to stay close to our clients and grow our wallet share continues to show the desired outcomes in winning annuity deals. We closed the quarter with order wins of USD 303 M and USD 694 M for first half of FY21 across industry segments. This represents a 10% YoY growth from same period last year.

Our approach of Redefining Possibilities in the new normal for businesses enabled us to deliver a balanced H1 performance. This has helped to reinforce confidence on our strategy to build on existing strengths and drive profitable growth by being the business transformation partner for our clients, developing future ready talent and delivering value to all our stakeholders.

The Board of Directors at its meeting held on October 15, 2020 have declared an interim dividend of 75 %.(₹ 7.5 per equity share of par value ₹ 10 each).

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 September 30, 2020

- In USD:
 - Revenue at \$261 million (growth of 3.1% q-o-q / decline of 3.7% y-o-y)
 - Net profit at \$34.3 million (growth of 21.5% q-o-q / 79.2% y-o-y)

- In INR:
 - Revenue at ₹19,260 million (growth of 0.9% q-o-q / 0.6% y-o-y)
 - Net profit at ₹2,537 million (growth of 19.1% q-o-q / 87.9% y-o-y)

Other highlights:

- Clients:
 - 283 active clients as of September 30, 2020
 - 8 new clients added during the quarter
 - \$10 million clients grew by 1, total 24

- People:
 - 21,827 Mindtree Minds as of September 30, 2020
 - Trailing 12 months attrition is 13.8%

- Q2 deal wins with leading global clients:
 - For a global CPG client, Mindtree has been chosen as a strategic partner for digital transformation. Mindtree will provide managed services to maintain digital platforms, create digital assets, and provide insights for real-time analytics for timely decision-making process
 - Mindtree expanded its engagement with a leading national bank in the U.S. to be its strategic application managed services partner to streamline its processes, manage and optimize technology applications, and accelerate its business transformation journey
 - Mindtree won a multi-year contract with a Swedish medical solutions company to provide SAP application support and will migrate the customer's on premise SAP to Microsoft Azure to enable platform-led DevSecOps operating model
 - For a UK's leading consumer electronics retailer, Mindtree will deliver the End User services by using Voice bots , Augmented reality, Virtual reality (AR/VR) capabilities to support remote stores and employees

- Recognition:
 - Mindtree Recognized as an Expert Managed Service Provider for Microsoft Azure that signifies Mindtree's expertise in cloud services
 - A digital case study by Mindtree has been chosen as one of the top 25 case studies in 'ISG Digital Case Study Book-2020' for a leading online grocery store on "Delivering on the Promise of Data"
 - Mindtree has been recognized a leader in the Managed Services Archetype in ISG Provider Lens Next-Gen Private/Hybrid Cloud - Data Center Services & Solutions 2020 Report
 - Mindtree recognized a leader in UK & US for SAP S/4HANA System Transformation, Managed Application Services for SAP ERP and SAP Leonardo Services in ISG Provider Lens SAP HANA and Leonardo Ecosystem Partners (Mid-Market) 2020 Report



Rs in million, except per share data

Particulars	Quarter ended			Six months ended		Year ended
	September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
Revenue from operations	19,260	19,088	19,143	38,348	37,485	77,643
Other income, net	245	406	197	651	417	756
Total income	19,505	19,494	19,340	38,999	37,902	78,399
Expenses						
Employee benefits expense	12,623	12,776	12,647	25,399	25,179	50,647
Finance costs	132	131	138	263	268	529
Depreciation and amortisation expense	569	597	707	1,166	1,376	2,754
Other expenses	2,734	3,092	4,014	5,826	7,983	16,181
Total expenses	16,058	16,596	17,506	32,654	34,806	70,111
Profit before tax	3,447	2,898	1,834	6,345	3,096	8,288
Tax expense						
Current tax	962	727	592	1,689	946	2,333
Deferred tax	(52)	41	(108)	(11)	(127)	(354)
Net profit for the period	2,537	2,130	1,350	4,667	2,277	6,309
Other comprehensive income:						
A. (i) Items that will not be reclassified to profit or loss	(16)	(14)	(44)	(30)	(79)	(109)
(ii) Income tax relating to items that will not be reclassified to profit or loss	4	3	11	7	19	26
B. (i) Items that will be reclassified to profit or loss	2,174	1,391	(49)	3,565	(49)	(3,128)
(ii) Income tax relating to items that will be reclassified to profit or loss	(760)	(486)	17	(1,246)	17	1,093
Total other comprehensive income/(loss)	1,402	894	(65)	2,296	(92)	(2,118)
Total comprehensive income/(loss) for the period	3,939	3,024	1,285	6,963	2,185	4,191
Paid up equity share capital (face value Rs. 10/- each)	1,647	1,646	1,646	1,647	1,646	1,646
Reserves	35,275	32,973	28,455	35,275	28,455	29,922
Earnings per share (EPS) (refer note 7):						
Basic EPS (Rs.)	15.41	12.94	8.20	28.35	13.85	38.35
Diluted EPS (Rs.)	15.40	12.93	8.20	28.34	13.85	38.33

AUDITED SEGMENT REVENUE AND RESULTS

Rs in million

Particulars	Quarter ended			Six months ended		Year ended
	September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
Segment revenue						
Retail, CPG and Manufacturing	4,139	3,927	4,150	8,066	8,227	16,439
Banking, Financial Services and Insurance	3,922	3,879	4,136	7,801	8,089	16,479
Communications, Media and Technology	9,597	9,737	7,612	19,334	14,838	31,793
Travel and Hospitality	1,602	1,545	3,245	3,147	6,331	12,932
Total	19,260	19,088	19,143	38,348	37,485	77,643
Segment results						
Retail, CPG and Manufacturing	927	783	664	1,710	1,239	2,844
Banking, Financial Services and Insurance	830	785	468	1,615	658	2,001
Communications, Media and Technology	1,910	2,114	1,016	4,024	1,908	4,754
Travel and Hospitality	117	(204)	334	(87)	518	1,299
Total	3,784	3,478	2,482	7,262	4,323	10,898
Unallocable						
Expenses	450	855	707	1,305	1,376	2,837
Finance costs	132	131	138	263	268	529
Other income	245	406	197	651	417	756
Profit before tax	3,447	2,898	1,834	6,345	3,096	8,288

Key Financial Metrics & Ratios



(₹ million)	Q2 FY20	Q1 FY21	Q2 FY21	Growth (%)	
				Q-o-Q	Y-o-Y
Revenue	19,143	19,088	19,260	0.9%	0.6%
EBITDA	2,482	3,478	3,784	8.8%	52.5%
EBIT	1,775	2,881	3,215	11.6%	81.1%
PAT	1,350	2,130	2,537	19.1%	87.9%
Diluted EPS (Rs.)	8.20	12.93	15.40	19.1%	87.8%

(\$ million)	Q2 FY20	Q1 FY21	Q2 FY21	Growth (%)	
				Q-o-Q	Y-o-Y
Revenue	271.0	253.2	261.0	3.1%	(3.7)%
EBITDA	35.2	46.1	51.2	11.1%	45.6%
EBIT	25.2	38.2	43.5	13.8%	72.6%
PAT	19.2	28.3	34.3	21.5%	79.2%

Cash Flow ((₹ million)	Q2 FY20	Q1 FY21	Q2 FY21
Free Cash flow	1,410	5,986	4,333
Cash and Investments	7,979	18,665	20,697

Key Ratios	Q2 FY20	Q1 FY21	Q2 FY21
EBITDA Margin (%)	13.0%	18.2%	19.6%
EBIT Margin (%)	9.3%	15.1%	16.7%
Effective Tax Rate (%)	26.4%	26.5%	26.4%
PAT Margin (%)	7.1%	11.2%	13.2%
ROCE (%)	21.0%	31.1%	34.4%
ROE (%)	17.0%	25.8%	28.4%
DSO (Days)	66	67	65

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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