

Management Discussion and Analysis

Company overview

Mindtree is a global technology consulting and services company that harnesses top-of-the-line digital and cloud technologies to enable digital transformation for 275+ global pioneering enterprises. We are a purpose-driven business technology partner helping clients across industries drive superior competitive advantage, exemplary customer experiences and enhanced business outcomes.

Powered by our extensive domain, technology and consulting expertise, we help clients reimagine business models, streamline operations and maximize growth opportunities. As a socially and an environmentally responsible business, we are focused on growth as well as sustainability, building long-term stakeholder value. A Larsen & Toubro Group company, we have 35,000+ talented and entrepreneurial professionals operating in 24 countries across the world. Our commitment to a safe and inclusive working environment has repeatedly led to us being recognized as a great place to work, further strengthening our winning culture and work ethos.



Economy review Global

2021 has been another difficult year owing to the continuing and pervasive impact of COVID-19, especially with the advent of new variants causing increased fatalities. Supply side constraints disrupted financial markets and businesses. Central banks proposed an array of measures to ensure credit was available to businesses and individuals. Large-scale vaccination drives around the world, coupled with accommodative policy measures, boosted economic recovery.

However, many low-income, emerging economies continue to struggle with the uncertainties unleashed by the pandemic. Rising supply chain disruptions, semiconductor shortages and the continued energy crisis have further worsened the situation. According to the International Monetary Fund (IMF) outlook as of January 2022, global growth is predicted to be 4.4% in 2022, down from 5.9% in 2021, and will further drop to 3.8% in 2023. But the forecast hinges upon improved health conditions induced by aggressive vaccination drives, coupled with the availability of advanced and effective therapies. By the second quarter of 2022, the negative impact is expected to lessen, provided there are no fresh outbreaks.



Quick facts

276

Active clients as at the end of FY22

USD 1.4B+

Revenue

35,000+

Mindtree Minds across the globe

24

Countries worldwide

IMF global growth forecast as of Jan 25, 2022 (%)

Particulars	Actual	Projections	
	2020	2021	2022
World Output	-3.1	5.9	4.4
Advanced Economies	-4.5	5.0	3.9
US	-3.4	5.6	4.0
Eurozone	-6.4	5.2	3.9
Japan	-4.5	1.6	3.3
UK	-9.4	7.2	4.7
Other Advanced Economies	-1.9	4.7	3.6
Emerging Markets & Developing Economies	-2.0	6.5	4.8
China	2.3	8.1	4.8
India	-7.3	9.0	9.0

Source: IMF, Jan 2022

The US economy bounced back on the growth trajectory in the fourth quarter by restocking to meet strong demands from consumers, recording its best performance in nearly four decades. GDP increased at a 6.9% annualized rate in the October-December quarter, as per US Commerce Department. 2020 saw the US economy contract to 3.4%, the lowest performance in 74 years. Massive fiscal stimulus coupled with extremely low interest rates helped the nation post its strongest growth since 1984, in 2021. December however saw the rise of the Omicron variant, putting a damper on the growth rate. At its March meeting, the US Federal Reserve announced an increase in its target for the federal funds rate to 0.25%-0.5% and anticipated further ongoing increases, as appropriate.

Growth is moderating in the euro area, but the economy is expected to encounter strong recovery during the year, boosted by ample policy support. Robust domestic demand and improved labor markets are expected to be the primary growth drivers. To mitigate the effects of the ongoing pandemic, some euro area countries have reintroduced tighter containment measures, delaying recovery, especially in travel, tourism, hospitality and entertainment. In addition, rising energy costs, supply chain bottlenecks and shortages of equipment, materials and labor in some sectors, are hampering production and slowing down recovery. The European Central Bank (ECB) has announced it will end net asset purchases under the Pandemic Emergency Purchase Programme by March 2022. However, the ECB has committed to maintaining its key interest rates at current levels until adequate progress is made towards stabilizing inflation at its medium-term target. The ongoing Russia-Ukraine crisis also acts as a headwind for speedy economic recovery.

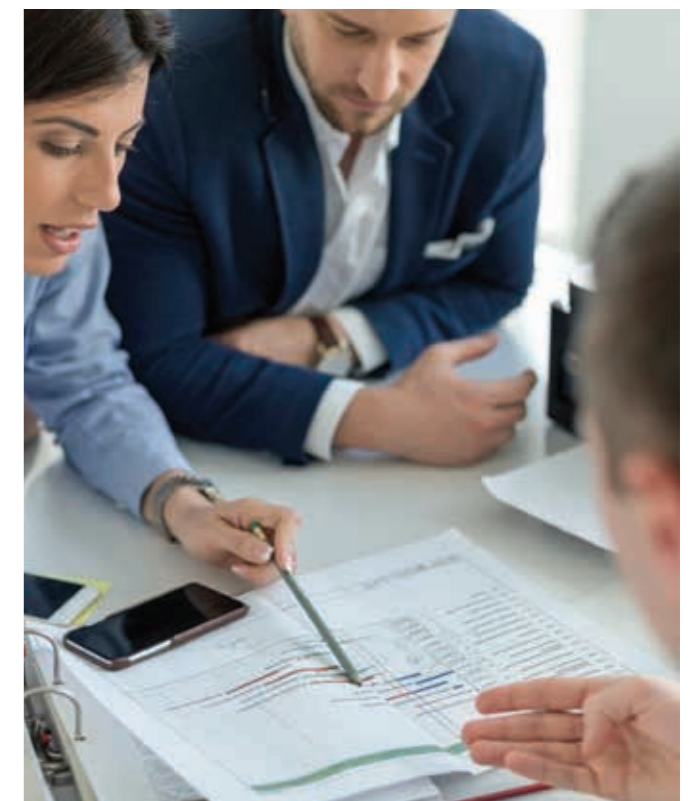
In the UK, a series of issues including supply chain disruptions, labor shortages, Brexit trade restrictions and panic buying, moderated growth in the second half of 2021. Private consumption, rather than investment, remained a real driver of activity. In the UK, majority of the population have already received a booster dose, but lower income households continue to struggle to manage the inflationary pressures as they attempt to re-enter the workforce post furlough.

Within emerging markets and developing countries (EMDEs) manufacturing activity has picked up substantially. Lockdowns scrambled the supply delivery time for production materials and final goods to other parts of the world. Along with continued supply chain disruptions and tight labor markets, inflation continues to rise in many EMs owing to higher fuel and food prices. There are initial signs of a diverging growth trend between developing and developed economies in the post-pandemic era.

According to the IMF, the recent Russia-Ukraine conflict will continue to have a substantial impact on the global economy and financial markets, with significant spillovers to other countries.

Outlook

Despite the impact of the pandemic, the unprecedented collective policy efforts by governments and central banks, paired with the resilience and innovations of private enterprises, have helped minimize lasting economic and physical damage across the world. The pandemic has accelerated the pace of digitalization, with businesses ramping up their technology use and digital presence. This trend is likely to continue into the 'next normal' and will aid in chasing newer avenues of growth led by innovation, while enhancing efficiency. While the direction of the Russia-Ukraine crisis remains uncertain, its impact on the global economy will remain. In the near term, many governments will need to cushion the blow of higher energy prices, diversify energy sources and increase efficiency wherever possible. Full economic revival seems to be further away, but when businesses and governments work in tandem, across borders and disciplines, we will be able to weather this storm and come out stronger and more resilient by the end of it.



India

While forecasting a real GDP growth of 9.2% for FY22, the Reserve Bank of India has projected the growth for FY23 at 7.8% in its February 2022 update, expecting some loss of momentum due to the adverse global events. As per the National Statistical Office, the country's real GDP expanded by 5.4% on a year on year basis in the third quarter of FY22. Record breaking kharif crop productions have kept the growth of the farm sector steady, while Industrial and services activity experienced a staggered recovery.

The Union Budget 2022-23 aims to bolster a sharp economic recovery from the pandemic lows against the backdrop of a strong capital market. The focus of the budget has rightly been on growth revival and the government has continued to focus on driving capital expenditure and supporting the manufacturing sector. These measures will deliver inclusive growth, job creation and welfare for its citizens, while slowly guiding the economy towards modern and renewable energy.

On the vaccination front, India has made rapid strides, conducting the world's largest vaccination drive, covering its adult population, and extending it to children of age groups 12-18. As per the government COWIN portal as of March 31, 2022, India had administered 184+ Crore vaccine doses across ~58,000 sites, including 99+ Crore first doses, 83+ Crore as second shots, and ~2.2 Crore precaution doses. India has also become the first country in the world to administer a DNA vaccine through ZyCoV-D, a plasmid DNA vaccine developed by Zydus Cadila.

The Indian equity market has been the beneficiary of strong inflows from both institutional and retail markets, led by its continuing efforts at economic reforms for filling the void left by the Chinese enterprises struggling with regulations and debt. Amidst the prospect of global interest rate hikes to tame inflation, the offloading of holdings by Foreign Institutional Investors (FIIs) in India has led to a market correction, albeit propped up a little with support from Domestic Institutional Investors (DIIs). However, a strong balance sheet, optimism about business potential, the Indian Government's PLI schemes along with a strong capex outlook, provide the confidence of a resilient economy.



NASSCOM expects the Indian IT sector to achieve an ambitious target of

USD 350 Billion

by FY26



Outlook

India's broad range of fiscal, monetary and health responses to the crisis supported its recovery, as several economic reforms help mitigate the long-lasting adverse impact of the crisis. The country also appears well-poised for a pick-up in private sector investment, with a strong financial system and a conducive economic budget in a position to provide support to the economic revival.

Industry review

India is emerging as the hub for digital skills. The IT industry in India is the largest employer within the private sector. The performance of the IT sector was boosted in FY22 by the rapid pace of digitalization and higher discretionary expenditure by enterprises. India is also one of the preferred destinations when it comes to setting up Global Capability Centers (GCCs). According to NASSCOM, the Indian technology industry crossed the USD 200 Billion revenue mark, reaching USD 227 Billion revenue in FY22, with a USD 30 Billion incremental revenue in the year and an overall growth rate of 15.5%. This has been the highest-ever growth since 2011.

NASSCOM expects the industry to achieve an ambitious target of USD 350 Billion by FY26, growing at a rate of 11-14%. Another landmark that the industry achieved was to cross 5 Million in total direct workforce, a highest-ever net addition of 445,000. The industry's 'people first employee-centric' approach saw tech firms quickly adapt to hybrid work models, scale up the industry's digital capacity and enhance its capability building programs.

According to the NASSCOM Enterprise CXO Survey 2022, 60% CXOs indicate a 6% higher tech spend in 2022 over 2021, with focus areas around customer service, supply chain and sales and marketing; 72% tech CEOs indicate 2022 tech spend to be in line with 2021.

References

- IMF World Economic Outlook update, Jan 2022
- IMF Staff Statement on the Economic Impact of War in Ukraine
- BEA release on GDP and corporate profits estimates for fourth quarter and year 2021
- European commission Winter 2022 Economic Forecast
- India Union Budget, 2022
- MOHFW COWIN dashboard
- NASSCOM Strategic Review 2022: The Technology Sector in India
- NASSCOM 2022 Tech CEO survey: Industry Outlook



Business review

For FY22, our USD revenue stood at USD 1,411 Million, up 31.3% in constant currency and 31.1% in USD terms, and INR revenue stood at ₹ 105,253 Million up 32.1% driven by highest-ever deal wins of USD 1,612 Million. Our robust growth is a reflection of disciplined execution of our strategy. Our net profit stood at ₹ 16,529 Million, up by 48.8%. This consistent performance demonstrates our ability to deliver profitable growth despite unprecedented times and our commitment to maximize shareholder value.

Strengths & Opportunities Digital Engineering Services

Rapidly changing consumption patterns and evolving customer expectations, accelerated by the pandemic, have evolved the way technology products and services are delivered and consumed. With a rising demand for 'As-a-Service' models, there is an urgent need to adapt and integrate with new technologies, blurring the lines between products and services.

At Mindtree, we help clients make the transition from an Enterprise IT to a Product IT Operating Model, enabling end-to-end enterprise visibility and alignment to create the best possible solutions.

Our Composable Automated Platform for Enterprises (CAPE) makes the adoption of industry-leading automation framework easy, by enabling composable and low-code integration of key components of the IT lifecycle. CAPE integrates enterprise-wide toolchains that optimize the organizational silos and reduce the adoption curve of newer technologies for our customers, delivering better quality faster.

Our Minimum Viable Cloud (MVC) is a cloud application management framework designed to accelerate development and deployment of cloud applications, while lowering the cost of ownership. MVC is based on the 12 Factor App principles, designed to decrease time to value by introducing repeatability. It also reduces the number of technologies and tools that need to be maintained, thereby bringing down the total cost of ownership (TCO) of the solution.

Immersive experiences / Metaverse

The pandemic induced lockdowns throughout 2020 and 2021 created uncertainties around physical interactions, helping push the metaverse along on its adoption timeline. The metaverse is a virtual space, created by converging the digital and physical worlds, to provide immersive experiences to people.

Our 'Born-Digital' DNA keeps us ahead of the curve, solidifies our commitment towards innovation and makes us future-ready. We were already driving many elements that are the building blocks of the metaverse including Blockchain, AR/VR, Internet of Things (IoT) and 5G. We have started exploring collaborations and partnerships to bring our clients' metaverse aspirations to life. We are exploring internal use-cases to enhance our engagements, leveraging the metaverse. We have also kickstarted hiring and reskilling to establish a seed team that can help reimagine possibilities with the metaverse.

Core modernization and cloud migration

Amid the pandemic, businesses have learnt the significance of being lean and nimble, to seize growth opportunities quickly. In the new normal, enterprises are looking for ways to leverage cloud at scale, putting it at the core of business transformation.

We have the expertise, experience, partnerships, toolchain and solutions accelerators to guide enterprises through their cloud transformation journey. With an ecosystem of 7,500+ cloud and infrastructure experts, we have helped modernize more than 150 customers with our cloud-first approach.

Our cloud strategy prioritizes addressing 'Why cloud' over 'What cloud can deliver'. This change in fundamentals enables us to be an end-to-end holistic partner in our customer's transformation journey.

- **Redefine business:** Fulfills the growth agenda of enterprises, by focusing on top-line growth through newer products, new revenue streams and new business models
- **Reimagine business:** Focuses on sustenance of existing customers and addressing revenue challenges. This approach helps businesses retain their customers through contextualized engagement, with a holistic value-centric approach
- **Redesign business:** Focuses on enhancing profitability by adopting a 'do more with less' mindset. This approach aligns with the evolving customer landscape – designing an integrated operating model that is adaptive and cohesive across the cloud form and factor



We have built a robust **platform-led service model** to execute large cloud migration and modernization projects, combining the power of Artificial Intelligence, Machine Learning, bots, intelligent analytics, real-time reporting and agile methodologies. Our key strengths include:

- **Platform as a fabric for delivery:** Our platform-led service delivery approach uses 'Mindtree Cloudknot' to seamlessly deliver offerings. It is an analytics-driven, secure, composable cloud management platform, built on Mindtree's proprietary accelerators and integrated with industry leading tools. Cloudknot helps customers migrate, monitor and manage their entire cloud infrastructure, serving as a single pane window for the management of public, private and hybrid cloud, IoT, Edge and end point devices.
- **Dedicated hyperscaler business units:** We have set up dedicated hyperscaler business units across AWS, Azure and GCP to advance our global talent, resources and capabilities. Our strategic partnerships help customers drive their edge-to-cloud transformation journey, making cloud the unifying factor.
- **Comprehensive cloud migration and modernization process:** Our cloud transformation engagements involve assessing applications holistically before migrating and redesigning workloads to leverage both IaaS and PaaS solutions. We use our continuous testing, DevOps capabilities, application monitoring, real-time analytics and automated troubleshooting to improve application performance, availability and security.
- **Cloud center of excellence:** We have built a cloud center of excellence where several architects and subject matter experts from Mindtree and clients' organizations, work together to streamline the entire cloud migration experience and enable a robust support system for the new environment.



available to every team member. It was constructed automatically from various systems, including the context of everyone's work, skills, project contributions and so on. The ML-powered algorithm locates similar projects across the organization, enabling better collaboration and team relations.

The focus is not only on bringing the data together but also on maximizing automation and providing an engineering environment for our teams. We have built capabilities such as 'on-demand provisioning' that eliminates the need for service requests and associated approval processes. The governance process performed earlier used slide decks and spreadsheets. The current system provides instant access to information, saving thousands of hours of manual effort in data preparation.

Modernizing delivery with innovation

We have created a system interface fabric that reduces the complexity of the entire technology landscape, to modernize our delivery organization. This enables us to efficiently utilize our systems and infrastructure, without having to deal with the underlying complexity. This unified solution pushed seamless integration with diverse technologies such as Microsoft 365, Salesforce, SAP, Azure, Delivery Platform, 3rd party systems and numerous other homegrown solutions. We have been able to add predictive capabilities through Machine Learning (ML) and other Artificial Intelligence (AI) techniques to this unified environment, achieving smart solutions and greater accessibility for everyone.

The solution is fundamentally **context-driven**. Based on the individual's role, it automatically brings together relevant information, enabling them to make **data-driven decisions**, have a **bird's-eye view** on the areas that need attention, keep a close watch on metrics and construct plans assisted by ML-driven predictions. With this approach we have been able to achieve **data democratization**, where the details available to the CXO layer of the organization is made available to the project teams and everyone in between, through automated **access management** and **data security**.

In the current remote working scenario, our unified solution helped everyone to connect better with their respective teams across several locations. The digital profiles of the teams were made

Facilitating Remote Working

In the current remote working scenario, our unified solution helped everyone to connect better with their respective teams across several locations



In summary, innovation helped us modernize our delivery with (a) data-driven governance (b) tool-driven processes, and (c) automation, enabling us to serve our customers effectively. We believe that innovation is a continuous journey, and we are leading the way.

Pervasive AI and Applied Intelligence

Our analytics solutions leverage human and artificial intelligence to convert data into actionable insights. We provide business value of insights, improve time to insight and optimize cost per insight, with our design thinking approach, data engineering and automation.

We aim to unlock value for our clients by driving superior customer experience, empowering the workforce ecosystem to innovate and creating new growth streams while optimizing operations.

Our service offerings comprise:

Business-led analytics solutions

- Predictive analytics
- Insights sandbox
- Industry-specific analytics solutions
- Value-led experimentation

Diagnostic and design

- Discovering and evaluating the readiness of existing infrastructure to deliver high-quality analytics solutions

Operations analytics

- AI/ML model production
- Deployment at scale
- Continual optimization

Data analytics

- Turning technology into business outcomes by delivering information management, business intelligence, and analytic solutions under one umbrella

Industry NxT

Digital disruption is changing the way businesses design, produce and distribute products. We leverage our deep domain expertise across manufacturing, mining, engineering and construction, energy and utilities and the logistics industries, to create innovative digital solutions using tools like IoT, AI/ML, geospatial, track & trace, vision analytics, AR/VR, Edge and cloud computing to deliver differentiated business outcomes for our customers. These solutions help businesses achieve digital agility and improved operations, with preventive and predictive business actions, powered by digital twins and AI. Our NxT Insights Platform drives productivity, reliability, safety and efficiency, with industry-leading products such as AssetInsight, SmartWorker, Alchemy, and Geospatial Technologies.

Blockchain

Blockchain holds the promise of decentralization with secure and scalable solutions, while ensuring transparency, traceability and automation. COVID-19 has accelerated the adoption of blockchain across geographies, industries and businesses. We have built partnerships with leaders in this space – Hyperledger Foundation, R3 Corda, Ethereum, DAML, Chainlink, etc. – with a team of certified architects and developers spread across the globe.

We have three focus aspects:



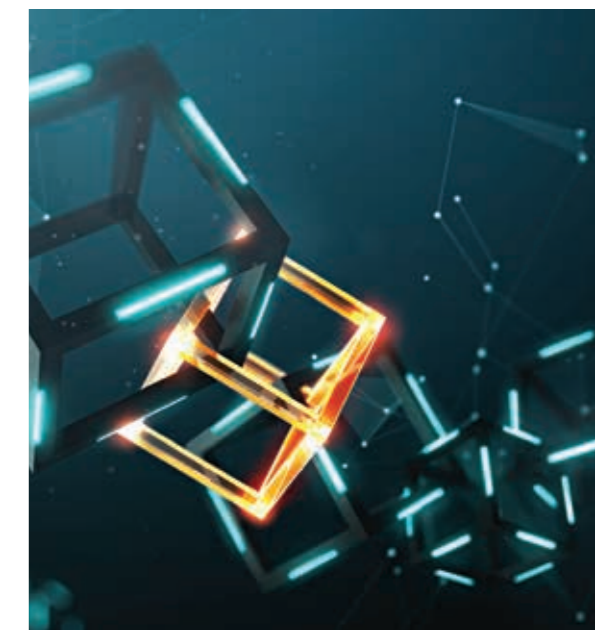
Consulting excellence: We offer services for different maturity levels, including blockchain-specific use-case identification, platform selection, technical due diligence, architecture assessments etc., helping to create centers of excellence for our clients.



Engineering excellence: With internal accelerators and IPs like Blockchain Automation Platform and Smart Contract Factory, we want to drive quick turnaround for business prototypes and accelerate time-to-value.



Open-source excellence: We also contribute to open-source projects (e.g., Bevel project within Hyperledger Foundation). We are an accredited HCSP (Hyperledger Certified Service Provider) in Hyperledger Foundation's marketplace.





With 17+ years of experience on the platform, we are a Salesforce Summit (Platinum) partner, the highest designation that an independent consulting partner can reach. We specialize in Salesforce implementation strategies to drive digital growth through deep client engagement. Recognized by top-notch industry analysts including ISG, NelsonHall, Avasant, Forrester and Gartner, we provide transformational services across the Salesforce portfolio.

These services include:

- Sales Cloud/Experience cloud/CPQ
- Service Cloud/Field Service
- Marketing campaign ops and personalization
- B2C and B2B commerce clouds
- PaaS implementations based on Salesforce platform

With 1,000+ certified consultants and the experience of working on 3,000+ projects, we offer services across the Salesforce success value chain – ranging from strategy consulting and solution design to implementation of Application Value Maintenance. Our practice and offerings are guided by dedicated centers of excellence for core services like marketing, commerce and functional consulting – co-chaired in North America and India.



We are an Advanced Consulting Partner in the Amazon Partner Network (APN) for Amazon Web Services (AWS). Together, we have helped several enterprises to successfully migrate to cloud. This partnership, with the strength of 1,500+ cloud experts within Mindtree, provides extended AWS services to our client base, effectively and efficiently. We offer a wide range of AWS-related services — from determining TCO to planning IT budgets along with determining migration plans. From advisory to operations, we take a holistic approach to transform businesses.

We partner with several programs, including:

- AWS Channel Reseller Program
- AWS Service Delivery Program
- AWS Public Sector Partner Program
- AWS Managed Service Program

Fostering Collaboration

At Mindtree, our idea of collaboration and partnership is to deliver appropriate technological solutions to new and existing clients, which results in better business outputs and outcomes for them

Alliances and partnerships

We work in an inherently competitive market that is evolving at an unprecedented rate due to advances in technology and customer demand. To meet this rising demand, global companies need to innovate and invest in disruptive technologies to attain competitive advantage. The technology ecosystem banks heavily on integrative solutions, making it important for technology service providers and innovators to collaborate and create sustainable solutions. At Mindtree, our idea of collaboration and partnership is to deliver appropriate technological solutions to new and existing clients, which results in better business outputs and outcomes for them.

Our key partner relationships:



We are distinguished with the highest tier of Microsoft Azure partnerships, being one of the exclusive 70+ Managed Service Providers. With exclusive access to all levels of support programs and solutions, we collaborate closely with Microsoft to develop next-generation cloud solutions for our clients. We are an Azure Expert MSP and have advanced specializations in Data and Analytics, Kubernetes, Windows Server, SQL Server Migration, AI, ML, and modernization of web applications. Our Gold certifications in 9+ competencies across the Microsoft Technology stack enables us to leverage powerful and exclusive go-to-market offers and programs. We have more than 5,000 Microsoft experts, offering a vast knowledge base of skills in Azure, Office 365, M365, D365, Power Platform, Power BI, Data Science, Analytics, Web Technologies, Mobility & Security, IoT, SQL and OpenSource Database, SAP, Mainframe, Xamarin, SharePoint®, Microsoft.NET platform, SQL Server®, BizTalk® and Windows Server®. We also have a dedicated Microsoft business unit to redefine our customers' businesses by enabling, modernizing and optimizing their IT systems on Microsoft Cloud. Our Microsoft Center of Excellence (COE) continues to deepen and widen our partnership with the Microsoft team, developing our own unique Azure product offerings.



We have been a Platinum-level Adobe business partner for over three years. We are committed to helping brands deliver contextual and personalized experiences to their consumers. Our capabilities in Adobe Experience Cloud are growing and we have doubled the headcount of specialized individuals in the last year. We have increased our specializations from six to ten in Adobe products. Our partnership with Adobe brings together a full suite of customer experience transformation services to accelerate our clients' digital transformation journeys. We bring domain experience, expertise in Adobe Experience Cloud and ability to scale globally to help our clients drive faster conversions and increase Customer Lifetime Value (CLV).



We are a Premier Google Partner for Google Cloud Platform (GCP). We offer our customers a complete spectrum of cloud services that includes Big Data services, Cloud migration and transformation, Application Development, SAP implementation, Data science, Artificial Intelligence, and Machine Learning services.

Our efforts as a Premier Google partner has received acknowledgement through the achievement of specializations in Application Development and Data and Analytics. We are also empanelled as a strategic vendor to Google's 'Professional Services Organization' (PSO) and a part of the Google Cloud Partner Advantage Program that is designed to provide Google Cloud customers with qualified partners who have demonstrated technical proficiency and proven success in specialized solution and service areas.



Mindtree and SAP have been strategic partners since 2008. Today, the relationship is even stronger due to our 2015 acquisition of Bluefin Solutions – a Gold Partner considered to be one of SAP's go-to HANA innovation partners that deploys cutting-edge enterprise solutions around the world. We are currently the only integrated service provider in the world with expertise in the SAP HANA platform across all three major public cloud platforms – Amazon Web Services, Microsoft Azure and Google Cloud. We are also one among a handful of Lighthouse Partners, which lets us offer our customers the SAP S/4HANA via the public cloud, to re-imagine enterprise resource planning solutions.

Our SAP centers of excellence (CoE) covers seven areas:

- HANA and business intelligence
- S/4HANA
- Enterprise Performance Management
- Customer engagement
- Mobility, UX and development
- Database and technology
- Project management.



Being an Elite partner of ServiceNow, our strategic partnership spans programs like Sales, Services, Service Provider and Technology Partner Program. Our Managed IT Services solution, designed in partnership with ServiceNow, helps organizations get the required speed and quality of IT services, to stay ahead of changing business needs. Our dedicated ServiceNow practice has carried out large-scale transformational engagements — covering the entire value chain and ServiceNow offerings portfolio — at some of the world's largest financial services, healthcare, life sciences, manufacturing, retail, education, energy and utilities, communications, media, technology, hospitality, transportation, and logistics companies. In addition to upskilling and reskilling resources across various ServiceNow certification streams, and building competencies beyond ITSM, we have also invested heavily in establishing a dedicated ServiceNow engineering team and a center of excellence. We are developing a broad range of custom applications and accelerators to drive function-specific as well as enterprise ServiceNow solutions. Achieving the status of a ServiceNow Elite partner in less than a year, reflects our extensive focus and aggressive investments in scaling industry aligned ServiceNow capabilities and offerings. In February 2022, we were recognized as the '2022 ServiceNow Americas Emerging Service Provider Partner of the Year' for achieving overall excellence in delivery and ServiceNow pipeline growth.

Customer focus

Our approach holds customer satisfaction as the final testimony to our success in the market with a special focus on Perceived Quality.

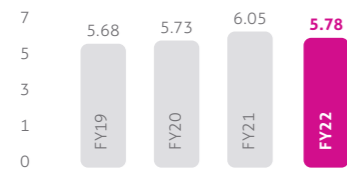
We regularly gather customer feedback through our quarterly Project Feedback Survey (PFS) and annual Customer Experience Survey (CES), which helps us monitor account health and understand how we can improve our services. The feedback, across all spheres of engagement, provides us key insights to understand our client partnerships and best practices, as we strive to become even better partners.

Our strategy to achieve high satisfaction stretches across several domains – people engagement, operational excellence, delivery excellence, including several standards and systems for high performance. A rigorous governance system monitors our dynamic operations constantly. The criteria of Satisfaction, Loyalty, Advocacy, and Business Value for Money displayed high outcomes, denoting relationships have become stronger and deeper throughout the years, thanks to our initiatives across people management, operational and delivery excellence. The excellent results across all facets of the survey, which recorded a high score across both response and rating, are clear evidence of the dedicated efforts of our teams and our disciplined execution. This was possible as our executive leadership were active sponsors for key accounts, while our customer-centric approach ensured we were active strategic partners to our customers.

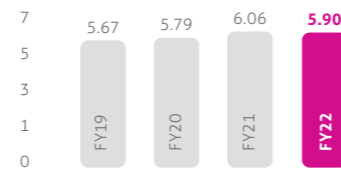
In June 2021, we were pleased to be ranked second for client satisfaction in the 2021 UK IT Sourcing Study, conducted by Whitelane Research, in collaboration with PA Consulting. The Company's overall satisfaction score of 80% was well above the industry average of 72%.

The scores of our annual Customer Experience Survey are provided below:

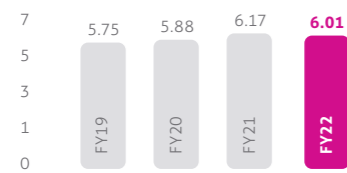
Satisfaction



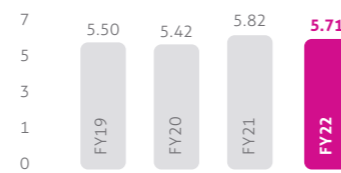
Loyalty



Advocacy



Value for money



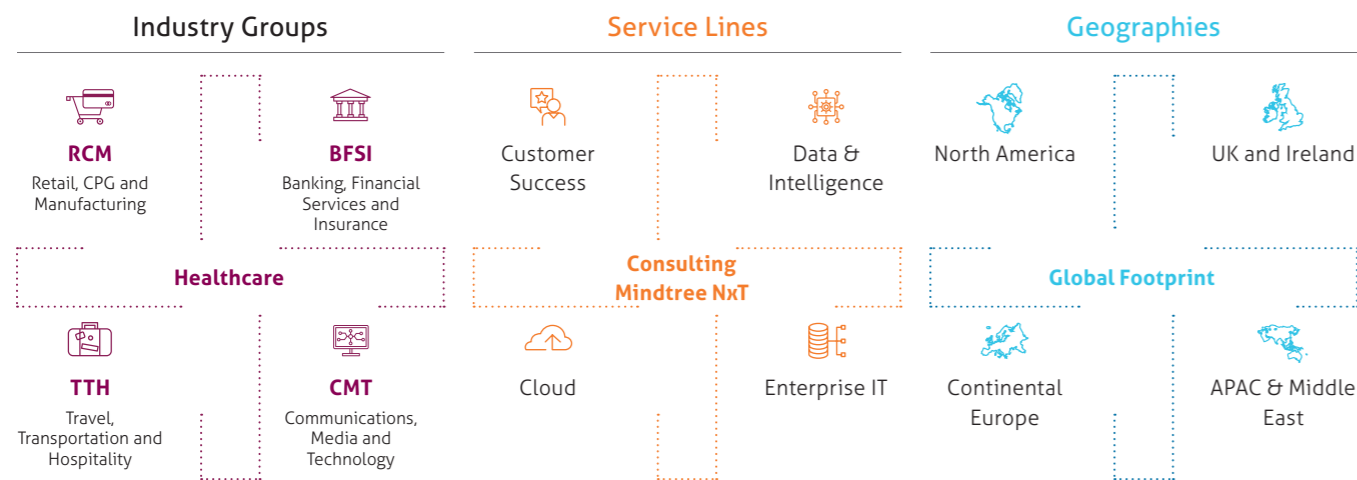
Strategy

Our strategy is to deliver unmatched services to our clients, leveraging our deep domain knowledge and technical expertise. This helps us sharpen our focus, capabilities and solution offerings, to create a differentiated value proposition. It also helps clients consume our services seamlessly and provides us opportunities to cross-sell and up-sell more effectively. We believe focusing on these areas will enable us to attain market leadership in our identified business segments.

Our strategy is based on three guiding principles:

- **Simplify** ways of working to enhance focus on delivering agile, integrated, and efficient solutions
- **Differentiate** through domain depth, IP and end-to-end digital transformation capabilities
- **Change** to align with the ever-evolving technology landscape and client expectations

Additionally, our focus will also be on opportunistic M&A, alliance and partnership building, along with creating future-ready talent.



For more details on strategy, please refer PG.36

Financial performance

An overview of the consolidated financial results for FY22 and FY21 is given below:

Particulars	FY22		FY21		Increase/ (Decrease) %
	₹ in Million	% of revenue	₹ in Million	% of revenue	
Income from operations	105,253	100.0%	79,678	100.0%	32.1%
Expenses:					
Employee benefits expense	63,278	60.1%	51,132	64.2%	23.8%
Sub-contractor charges	10,788	10.2%	5,730	7.2%	88.3%
Other expenses	9,231	8.8%	6,249	7.8%	47.7%
Earnings before interest, tax, depreciation and amortization (EBITDA)	21,956	20.9%	16,567	20.8%	32.5%
Other income (net)	1,543	1.5%	1,231	1.5%	25.3%
Foreign exchange gain/(loss)	1,530	1.5%	286	0.4%	435.0%
Finance costs	502	0.5%	504	0.6%	-0.4%
Depreciation and amortization expenses	2,420	2.4%	2,596	3.3%	-6.8%
Profit before tax	22,107	21.0%	14,984	18.8%	47.5%
Tax expense	5,578	5.3%	3,879	4.9%	43.8%
Profit for the year (PAT)	16,529	15.7%	11,105	13.9%	48.8%

Key financial ratios

Financial ratios	FY22	FY21
Debtors turnover ratio	7.00	5.87
Interest coverage ratio	45.04	30.73
Current ratio	2.76	2.87
Debt equity ratio	0.10	0.12
EBITDA (%)	20.9%	20.8%
Net profit (%)	15.7%	13.9%
Return on net worth (%)	33.8%	29.7%

Interest coverage ratio and return on net worth (%) improved on account of increase in profit for the year.

Income

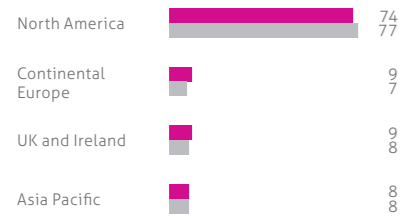
USD revenue for FY22 rose by 31.1% to USD 1,411 Million, while ₹ revenue rose by 32.1% to ₹ 105,253 Million.

We analyze our revenue (in USD terms) based on various parameters:

- **Revenue by vertical:** Communications, Media & Technology (CMT) grew 23.1%, Banking, Financial Services and Insurance (BFSI) grew 19.1%, Retail, CPG & Manufacturing (RCM) grew 45.4%, Travel, Transportation and Hospitality (TTH) grew 54.6% and Healthcare (HCARE) grew 52.9%
- **Revenue by service offering:** Cloud grew 29.4%, Data & Intelligence grew 30.5%, Customer Success grew 42.9% and Enterprise IT grew 15.4%
- **Revenue by geography:** North America grew 25.0%, Continental Europe grew by 61.4%, UK and Ireland grew by 56.3% and Asia Pacific (APAC) grew by 39.0%

A graphical representation of revenue analysis based on various parameters:

Revenue distribution by geography (%)



Revenue distribution by industry (%)



Revenue by distribution mix (%)



Revenue distribution by service offering (%)



■ FY22 ■ FY21

Our active customers list as on March 31, 2022, stood at 276 against 270 in the previous year. The number of USD 10 Million clients increased to 32 as at March 31, 2022 as against 20 in the previous year.

Other income (excluding foreign exchange loss/gain)

Other income in FY22 has increased to ₹ 1,543 Million from ₹ 1,231 Million in FY21, primarily due to increase in interest income on investments in term deposits and debt securities by ₹ 236 Million and sale of SEIS scrip license of ₹ 77 Million.

Foreign exchange loss/gain

Foreign exchange gain for FY22 was ₹ 1,530 Million as against a foreign exchange gain of ₹ 286 Million in the previous year, majorly due to gain on cashflow hedges reclassified to profit and loss in FY22.

Expenses

Employee benefits expense

Employee benefits expenses account for 60.1% of our total revenue and form a major part of our total expenses. The expenses include fixed as well as variable components of employees' salaries, along with contribution to provident fund and gratuity. Share based payments to employees and staff welfare expenses are also part of that cost. Break-up of this head of expenses compared to the previous year's numbers, is given below:

Particulars	FY22		FY21		Increase/ (Decrease) %
	₹ in Million	% of revenue	₹ in Million	% of revenue	
Salaries and wages	58,183	55.3%	46,719	58.6%	24.5%
Contribution to provident and other funds	4,324	4.1%	4,084	5.1%	5.9%
Share based payments to employees	438	0.4%	99	0.1%	342.4%
Staff welfare expenses	333	0.3%	230	0.3%	44.8%
Total	63,278	60.1%	51,132	64.2%	23.8%

Total employee benefits expenses has increased by 23.8%. As a percentage of revenue, employee benefits expenses decreased to 60.1% in FY22 from 64.2% in FY21. Increase in salaries and wages and contribution to provident and other funds, is in line with increase in revenue and headcount, taking into account cost optimization and pyramid rebalancing measures. Further, contribution to provident and other funds in FY21 includes impact of provision for provident fund dues amounting to ₹ 659 Million. During FY22, share based payments to employees has increased majorly due to increase in options granted under the new ESOP 2021 plan.

Sub-contractor charges

Sub-contractor charges have increased to ₹ 10,788 million in FY22 from ₹ 5,730 million in FY21, mainly on account of increase in demand at onsite location.

Other expenses

Other expenses comprise all other incidental costs like travel, rent and computer consumables apart from employee benefits costs. A break-up of these expenses are as follows:

Particulars	FY22		FY21		Increase/ (Decrease) %
	₹ in Million	% of revenue	₹ in Million	% of revenue	
Travel expenses	1,088	1.0%	762	1.0%	42.8%
Communication expenses	716	0.7%	583	0.7%	22.8%
Computer consumables	2,194	2.1%	1,514	1.9%	44.9%
Legal and professional charges	945	0.9%	526	0.7%	79.7%
Power and fuel	183	0.2%	168	0.2%	8.9%
Lease rentals	144	0.2%	115	0.1%	25.2%
Repairs and maintenance					
- Buildings	404	0.4%	282	0.3%	43.3%
- Machinery	37	0.0%	43	0.1%	-14.0%
Insurance	110	0.1%	105	0.1%	4.8%
Rates and taxes	648	0.6%	534	0.7%	21.3%
Other expenses	2,762	2.6%	1,617	2.0%	70.8%
Total	9,231	8.8%	6,249	7.8%	47.7%

Other expenses, as a percentage of revenue, has increased by 1%. Other expenses increased by 47.7% year on year, mainly due to increase in travel expenses, computer consumables and legal and professional charges. The rest of the increase is primarily attributed to an increase in recruitment expenses and staff training expenses.

Profitability and margins

- PAT margin increased to 15.7% in FY22 from 13.9% in FY21
- EBITDA margin increased to 20.9% in FY22 from 20.8% in FY21
- Effective tax rate was at 25.2% in FY22, compared to 25.9% in FY21

Segmental reporting

The CEO & MD of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Indian Accounting Standard (Ind AS) 108 Operating Segments. The CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by industry classes. Accordingly, segment information has been presented for industry classes.

The Group is structured into five reportable business segments – RCM, BFSI, CMT, TTH and HCARE. With effect from April 1, 2021, the Group has expanded its foray into the 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 Group has re-classified certain customers between the segments and the comparative numbers have been restated to give effect to such

change. The reportable business segments are in line with the segment-wise information being presented to the CODM.

Each segment item is presented at the measure used to report to the CODM for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Geographic information is based on business sources from that geographic region and delivered from both on-site and offshore. The geographic regions comprise North America, Continental Europe, UK and Ireland and Asia Pacific (including Rest of the World).



Income and direct expenses in relation to segments are categorized based on items that are individually identifiable to that segment, while the remainder of costs are apportioned on an appropriate basis. Certain expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The Management therefore believes that it is not practical to provide segment disclosures relating to such expenses and accordingly such expenses are separately disclosed as 'unallocated' and directly charged against total income.

CODM does not review assets and liabilities at the reportable segments level, hence segment disclosure relating to total assets and liabilities has not been provided. Geographical information on revenue and industry revenue information are collated based on individual customer invoices or in relation to which the revenue is otherwise recognized.

Amount in ₹ Million		
Statement of Income	FY22	FY21
Segment revenue from external customers		
RCM	24,859	16,956
BFSI	18,764	15,632
CMT	45,818	36,937
TTH	14,524	9,317
HCARE	1,288	836
Total	105,253	79,678
Segment operating income		
RCM	3,785	3,628
BFSI	3,638	3,310
CMT	11,276	8,454
TTH	3,122	905
HCARE	135	270
Total	21,956	16,567
Depreciation and amortization expense	(2,420)	(2,596)
Profit for the year before finance expenses, other income and tax	19,536	13,971
Finance costs	(502)	(504)
Other income	1,117	1,065
Interest income	426	166
Foreign exchange gain/ (loss)	1,530	286
Net profit before taxes	22,107	14,984
Income taxes	(5,578)	(3,879)
Net profit after taxes	16,529	11,105

Significant changes in Balance Sheet items

- Other equity increased by ₹ 11,549 Million, primarily due to the following movements:
 - Retained earnings increased by ₹ 9,439 Million from ₹ 38,564 Million to ₹ 48,003 Million, mainly due to current year profit of ₹ 16,529 Million, which is offset by dividend recognized of ₹ 4,531 Million and impact on account of business combination of ₹ 1,769 Million.
 - The gain arising from change in the effective portion of cash flow hedge (changes in the fair value of the derivative hedging instrument designated as a cash flow hedge) amounting to ₹ 893 Million.
 - Balance in share options outstanding account increased by ₹ 322 Million, on account of compensation cost related to employee share based payment.
- Non-current liabilities increased by ₹ 328 Million primarily due to increase in lease liabilities by ₹ 169 Million and recognition of deferred tax liability of ₹ 161 Million, as at March 31, 2022, as against the deferred tax asset as at March 31, 2021.
- Current liabilities increased by ₹ 6,082 Million mainly due to increase in salary and other expenses in line with business. Key components include increase in trade payables by ₹ 2,681 Million, increase in employee benefits payable by ₹ 921 Million, increase in statutory dues by ₹ 618 Million and outstanding liability towards acquisition of 'Nxt Digital Business' amounting to ₹ 990 Million.
- Our trade receivables and unbilled revenue increased by ₹ 7,149 Million from ₹ 16,295 Million as on March 31, 2021 to ₹ 23,444 Million as at March 31, 2022, in line with increase in revenue and impact of exchange rate fluctuation.
- Our cash and investments (net of book overdraft) increased from ₹ 28,065 Million as at March 31, 2021 to ₹ 36,020 Million as at March 31, 2022, mainly due to cash generated from operations of ₹ 15,370 Million, offset by dividend-pay out of ₹ 4,528 Million, purchase of property, plant and equipment and intangible assets of ₹ 1,982 Million, payment towards acquisition of 'Nxt Digital Business' amounting to ₹ 1,076 Million, and payment of lease liabilities.
- Days Sales Outstanding (DSO) has remained consistent at 60 days between March 31, 2022 and March 31, 2021.

Cash and investments (net of book overdraft) increased to

₹ 36,020 Million

Dividend payout for FY22

₹ 4,528 Million



People focus, learning and a high-performance culture

An organization's culture is a reflection of collective actions governed by shared human and business values. It defines organizational intention, behavior, tolerance, and ability to deliver meaningful value and experiences to customers, employees, and other stakeholders. At Mindtree, our culture is defined as 'Our Work Ethos' which comprises purpose, caring, learning and delivering results. It is this fundamental foundation that sets the tone for creativity as well.

The pandemic was yet another opportunity to prove our 'people first' focus and we achieved that through multiple initiatives. Over the past few months, everyone had to adjust to a dynamic normal and a hybrid way of working. Another creative task for our People Function Team (HR) was to come up with people-focused initiatives to keep Mindtree Minds motivated, secure and connected.

A brief look at the various initiatives undertaken by us:

Talent acquisition

A Mindtree Mind's journey starts from the day they choose to consider Mindtree as their potential employer. This year we have seen a gross addition of more than 19,000 Minds through campus, social media and referral platforms. We started FY22 with a headcount of ~23,800 and now we stand at 35,000+ Mindtree Minds.

Career and learning – progressing towards our goals

At Mindtree, we are constantly focused on creating pathways for a fulfilling career for all our Mindtree Minds. Technology changes every day and we are in the crux of it. Being a digital tech-based company advising clients on adopting latest technologies, it is our imperative to discover and develop skills regularly, to stay ahead of the curve. Our programs help people to understand the technology landscape while developing their skills. Apart from technology, various other aspects are also crucial to help people develop professionally and personally – understanding business, domains, soft skills, communication etc.

Above and beyond – engagement with a purpose

Our strategy for engagement with our people focuses on leveraging holistic wellness of our Mindtree Minds across three different pillars - emotional, physical and intellectual.

- **Delivery Caravan:** The program, available to all Mindtree Minds worldwide, included brief connects and large virtual gatherings. Except for the walkathon, all the 'Delivery Caravan' events were held during business hours. The walkathon panned out across 14 days, starting on a Sunday and closing on the subsequent Saturday. The purpose behind these events within the program was to provide a much-needed detox to Mindtree Minds, maintaining a 'One Mindtree' feeling by adopting a healthy lifestyle.



- **Mindtree Innovate:** At Mindtree, we practice to make innovation a core priority for our organization. When culture supports innovative behaviors, innovation can occur systematically.
- **Mindtree Conclave:** This is a contest that encourages employees to either showcase their own innovative ideas or collaborate with others on an idea that resonates with them. This was an organization-wide three day event, conducted with the idea of 'Celebrating Mindtree'. The themes for the event were 'Innovation', 'Awareness' and 'Realization'. The first day celebrated innovation, showcasing various initiatives that helped impactful transformations, followed by the final presentations from shortlisted idea owners.
- **CEO Connect:** This is a platform where the CEO and senior leaders connect with the whole Company to give updates every quarter on our performance, what to look forward to, etc. The focus is to create an open environment to speak without fear, discuss problems/concerns, brainstorm solutions, etc.
- **Engagement Hub (Yammer communities):** At Mindtree, we immediately identified that digital engagement is key, and hence adopted Yammer (a Microsoft product). There was a loss of social capital during the pandemic, but through Yammer, we were able to create social osmosis digitally. Different communities were created on different topics related to tech, processes, hobbies, etc. wherein people continue to get together and throw around ideas and encourage knowledge sharing to arrive at innovative solutions.
- **Mindtree Masterclass:** This is a leadership talk series that brings various leaders across the globe, who have been experts in their own fields, to share their experience, journey and the challenges faced by them. This series has gained huge popularity among Mindtree Minds and has also created avenues wherein they are able to apply solutions and ideas from these leaders, making the talks an unusual source of learning.

- **Cross functional teams and taskforces:** This is a platform for leaders across different teams and functions, to come together and brainstorm solutions regarding issues faced by the organization. One of the taskforces we came up with is 'Retention Council', which has representation of leaders from different functions. Our focus was to come up with scalable and customized solutions to curb attrition. There were different focus groups created under this – Compensation & Benefits, Rewards & Recognition, Connect, Fun, Communication Awareness and Positioning, Pride and Showcase, Career and Growth.

External awards

At Mindtree, we have always prided ourselves on going above and beyond. One such area is participating in external forums, platforms and awards, to showcase our best-in-class people programs and initiatives. This year too, we added a couple of feathers in our cap. These recognitions reminded us why our work matters and how it makes a difference in the bigger picture.

We are proud to have received the following awards

- Great Place to Work certified – India (July 2021-July 2022)
- Great Place to Work – Best Leadership in Crisis (August 2021)
- Brandan Hall Excellence Awards (August 2021)
 - Human Resources - Best Advance in HR Data Analytics
 - Leadership Development - Best Unique or Innovative Leadership Program
 - Human Resources - Best Benefits, Wellness and Well-Being Program
- India's Best Workplaces for Women – Top 50 Large Companies (September 2021)
- Great Manager Awards by Economic Times
 - TA Pai Young HR Leader (October 2021)
 - Great Managers Awards | Top 75 Managers (December 2021)
- SHRM HR Excellence Awards 2021
 - Excellence in Managing the Hybrid Workplace – The HR Lens (December 2021)
- Business World HR 40under40 | Celebrating Top 40 Under 40 in Human Resources (February 2022)

For more details on people section, refer PG. 60 and PG. 140

Recognised as 'Great Place to Work'
In India (July 2021-July 2022)

Key employee metrics

Mindtree Minds	FY22	FY21
Total Mindtree Minds	35,071	23,814
Software Professionals	33,206	22,540
S&M	424	312
G&A	1,441	962
Nationalities*	82	86
Attrition (Last Twelve Months)	23.8%	12.1%
Women employees	33%	32%

*Nationalities represent the count of countries to which Mindtree Minds belong to.

Internal control systems

We have an Internal Control System commensurate with the size, scale and complexity of our operations.

For more details, please refer PG. 161

Threats, risks and concerns

We are exposed to a wide variety of connected and interconnected risks. To ensure suitable risk prioritization and mitigation, we identify the internal and external events that may affect our strategies and potentially impact our results, capital and reputation. Enterprise risk management (ERM) enables the management to efficiently deal with uncertainty and the associated risks and opportunities, along with enhancing the capacity to build shareholder value.

For more details, please refer PG. 43 and PG. 227



Outlook

To support the next phase of growth, we are making our supply-side more efficient by driving a talent mindset across the organization and making talent an integral part of the organizational fabric, thereby strengthening our employee value proposition. Our targeted global investments across partnerships, large deal solutioning, white space opportunities, innovative working and delivery models, Go-To-Talent strategy, gaining mindshare from key stakeholders and mergers and acquisitions, will continue to navigate the Company towards a profitable growth path.

We are confident in our ability to sustain our strong momentum and our endeavor to deliver industry-leading profitable growth, both organically and inorganically.

Forward-looking statement

Readers are cautioned that this discussion contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words 'anticipate', 'believe', 'estimate', 'intend', 'will' and 'expect' and other similar expressions as they relate to the Company or its business are intended to identify such forward looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events,

or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. The above discussion and analysis should be read in conjunction with the Company's financial statements included in this report and the notes thereto. Investors are also requested to note that this discussion is based on the consolidated financial results of the Company.

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 customers' 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.

