

Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings release

Third quarter ended December 31, 2021

January 13, 2022

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Earnings Conference Call for Analysts / Investors

January 13, 2022 (5:30 PM IST)

To join the Earnings conference call

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Transcript will be available on www.mindtree.com after January 19, 2022

Mindtree Reports Strong Performance in Q3 FY22

Revenue up 5.2% sequentially in constant currency; EBITDA margins at 21.5%; YTD TCV crosses \$1.2 billion

Bangalore (India) and Warren (NJ), January 13, 2022: [Mindtree](#), a global technology services and digital transformation company, announced its consolidated results today for the third quarter ended December 31, 2021, as approved by its Board of directors.

“We are pleased to have continued our positive revenue momentum through the third quarter of FY22 on the back of robust demand, aggressive customer mining, and end-to-end digital transformation capabilities,” said **Debashis Chatterjee, Chief Executive Officer and Managing Director, Mindtree**. “Our sequential revenue growth of 5.2% in constant currency reflects the strength of our strategy, execution, partnerships, and continued investments in our business and people. Our order book for the quarter was \$358 million, up 14.6% year-over-year, and our year-to-date deal TCV crossed \$1.2 billion. Our EBITDA margin for the quarter was 21.5%. In the first nine months alone, our PAT of \$158.8 million surpassed PAT of the preceding fiscal year. The passion of our future-ready talent and the trust of our clients position us well in our endeavor to continue to deliver profitable industry-leading growth in the coming years.”

Key financial highlights:

Quarter ended December 31, 2021

- In USD:
 - Revenue was \$366.4 million (growth of 4.7% q-o-q / 33.7% y-o-y)
 - Net profit was \$58.3 million (growth of 8.0% q-o-q / 32.1% y-o-y)
- In INR:
 - Revenue was ₹27,500 million (growth of 6.3% q-o-q / 35.9 % y-o-y)
 - Net profit was ₹4,375 million (growth of 9.7% q-o-q / 34.0 % y-o-y)

Other highlights:

- Clients:
 - 265 active clients as of December 31, 2021
 - \$5 million+ clients grew by 2, total 52
 - \$10 million+ clients grew by 3, total 33
- People:
 - 31,959 Mindtree Minds as of December 31, 2021
 - Trailing 12 months attrition was 21.9%

- Some key deals won in Q3:
 - A leading global hyperscaler signed an annuity contract with Mindtree. As part of the contract, Mindtree will support product/platform operations and security services across geographies.
 - A global vacation company selected Mindtree as a strategic transformation partner to enhance its competitive differentiation in the leisure travel marketplace. Under this multi-year engagement, Mindtree will enable the company to enhance customer experience globally across marketing, sales and services for all its brands in the virtual and the real world.
 - A leading global automotive manufacturer selected Mindtree to implement a digital factory, leveraging the IoT capabilities of Mindtree NxT.
 - One of the largest home improvement retailers in the U.S. awarded an annuity contract to Mindtree for agile-based application development and maintenance services.
 - A leading credit bureau selected Mindtree as a strategic partner to build a new specialty finance platform. Under this program, multiple companies that are acquired with alternative credit data will be integrated on to this platform, providing a strong suite of differentiated data assets and new products to meet changing market needs and enable rapid growth.
 - One of the world's largest technology companies selected Mindtree as a preferred supplier for product engineering and cloud professional services to enable it to scale faster.
- Recognitions:
 - Named a Major Contender in Everest Group's Mainframe Services PEAK Matrix® Assessment 2022.
 - Named a Major Contender in Everest Group's Advanced Analytics and Insights (AA&I) PEAK Matrix® Assessment 2022.
 - Named a Major Contender in Everest Group's Internet of Things (IoT) Services Supply Chain Solutions PEAK Matrix® Assessment 2022.
 - Named a Major Contender in Everest Group's Platform IT Banking Services PEAK Matrix® Assessment 2022.
 - Earned the AI and Machine Learning on Microsoft Azure Advanced Specialization.
 - Won the Silver award in the Most Innovative Company of the Year category at the Best in Biz Awards 2021 in North America.

About Mindtree

Mindtree [NSE: MINDTREE] is a global technology consulting and services company that enables enterprises across industries to drive superior competitive advantage, customer experiences and business outcomes by harnessing digital and cloud technologies. A digital transformation partner to more than 260 of the world's most pioneering enterprises, Mindtree brings extensive domain, technology and consulting expertise to help reimagine business models, accelerate innovation and maximize growth. As a socially and environmentally responsible business, Mindtree is focused on growth as well as sustainability in building long-term stakeholder value. Powered by more than 31,900 talented and entrepreneurial professionals across 24 countries, Mindtree — a Larsen & Toubro Group company — is consistently recognized among the best places to work. For more, please visit www.mindtree.com or [@Mindtree_Ltd](https://www.linkedin.com/company/mindtree).

Safe harbour

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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Key Financial Metrics

(₹ million)	Q3 FY21	Q2 FY22	Q3 FY22	Growth (%)	
				Q-o-Q	Y-o-Y
Revenue	20,237	25,862	27,500	6.3%	35.9%
EBITDA	4,679	5,307	5,921	11.6%	26.5%
EBIT	3,962	4,697	5,289	12.6%	33.5%
PAT	3,265	3,989	4,375	9.7%	34.0%
Diluted EPS (Rs.)	19.81	24.19	26.50	9.5%	33.7%

(\$ million)	Q3 FY21	Q2 FY22	Q3 FY22	Growth (%)	
				Q-o-Q	Y-o-Y
Revenue	274.1	350.1	366.4	4.7%	33.7%
EBITDA	63.3	71.8	78.9	9.8%	24.7%
EBIT	53.6	63.6	70.5	10.9%	31.5%
PAT	44.2	54.0	58.3	8.0%	32.1%

Cash Flow (₹ million)	Q3 FY21	Q2 FY22	Q3 FY22
Free Cash flow	5,800	2,791	4,595
Cash and Investments	25,234	27,940	30,723

Hedges outstanding in million Currency	Value	Avg. Rate/INR
USD	1,663.0	81.60

Total hedges outstanding in USD includes on balance sheet hedges of USD145M, cash flow hedges of USD1,509M & options of USD9M

Rupee Dollar Rate	Q3 FY21	Q2 FY22	Q3 FY22
Period Closing rate	73.04	74.16	74.47
Period Average rate	73.84	73.87	75.06

Key Ratios

Key Ratios	Q3 FY21	Q2 FY22	Q3 FY22
EBITDA Margin (%)	23.1%	20.5%	21.5%
EBIT Margin (%)	19.6%	18.2%	19.2%
Effective Tax Rate (%)	26.6%	25.0%	25.5%
PAT Margin (%)	16.1%	15.4%	15.9%
ROCE (%)	41.7%	41.7%	44.5%
ROE(%)	34.1%	34.2%	36.2%
DSO (Days)	61	63	64

Effective Tax Rate = Tax / PBT

ROCE = PBIT / Average Capital Employed. ROCE is annualized

Key Performance Highlights

- \$250 million run rate in BFSI; \$200 million in TTH
- 41.4% YoY revenue growth in Top 2-20 clients
- YTD PAT at \$158.8 million, exceeding the PAT for entire FY21
- Cash and investments at an all-time high of \$412.7 million

Key Revenue Metrics

Revenue by Geography	Q3 FY21	Q2 FY22	Q3 FY22	Growth (%)	
				Q-o-Q	Y-o-Y
North America	77.2%	72.8%	73.0%	5.1%	26.6%
Continental Europe	7.4%	8.7%	8.9%	6.9%	60.2%
UK and Ireland	7.8%	10.9%	9.7%	(7.1)%	64.2%
APAC and Middle East	7.6%	7.6%	8.4%	14.7%	48.7%
Total	100.0%	100.0%	100.0%		

Revenue by Industry*	Q3 FY21	Q2 FY22	Q3 FY22	Growth (%)	
				Q-o-Q	Y-o-Y
BFSI	19.6%	17.5%	17.5%	4.2%	19.4%
Communications, Media & Technology	46.2%	42.5%	43.1%	6.1%	24.5%
Retail, CPG & Manufacturing	21.4%	25.4%	24.3%	0.1%	51.7%
Travel, Transportation & Hospitality	11.8%	13.5%	13.8%	7.4%	56.4%
HealthCare	1.0%	1.1%	1.3%	29.2%	83.3%
Total	100.0%	100.0%	100.0%		

*A few accounts are re-classified within the industry groups. The comparative numbers have been restated for FY 21.

Revenue by Service Lines*	Q3 FY21	Q2 FY22	Q3 FY22	Growth (%)	
				Q-o-Q	Y-o-Y
Customer Success	38.1%	43.2%	42.9%	3.9%	50.7%
Data & Intelligence	14.9%	14.3%	14.8%	7.7%	32.5%
Cloud	19.2%	18.7%	19.1%	7.1%	32.9%
Enterprise IT	27.8%	23.8%	23.2%	2.2%	11.6%
Total	100.0%	100.0%	100.0%		

[*Refer note on Service Lines](#)

Key Client Metrics

Metrics	Q3 FY21	Q2 FY22	Q3 FY22
Client Details			
Number of Active clients	276	263	265
New Clients Added	8	7	8
\$1 mn+ clients	120	127	136
\$5 mn+ clients	43	50	52
\$10 mn+ clients	21	30	33
\$20 mn+ clients	8	8	9
\$50 mn+ clients	1	1	1
\$100 mn +clients	1	1	1

Million Dollar Clients are based on trailing 12 months revenue.

Client Contribution to Revenue	Q3 FY21	Q2 FY22	Q3 FY22
Top Client	28.5%	24.3%	24.9%
Top 5 Clients	39.8%	35.7%	35.4%
Top 10 Clients	49.0%	45.1%	44.9%
Top 20 Clients	60.6%	59.0%	58.9%

Contribution to revenues is based on revenues for the quarter.

Total Contract Value signed(TCV) (USD M)	Q3 FY21	Q2 FY22	Q3 FY22
Overall TCV	312	360	358

Effort and Utilization

Metrics	Q3 FY21	Q2 FY22	Q3 FY22
Effort Mix			
Onsite	17.2%	15.0%	14.0%
Offshore	82.8%	85.0%	86.0%
Total	100.0%	100.0%	100.0%
Utilization			
Utilization	83.1%	82.9%	81.5%

Utilization is calculated as Billed Hours by Available Hours. Available hours does not exclude leave hours.

Key Employee Metrics

Mindtree Minds	Q3 FY21	Q2 FY22	Q3 FY22
Total Mindtree Minds	22,195	29,732	31,959
Software Professionals	20,976	28,218	30,338
S&M	298	371	392
G&A	921	1,143	1,229
Nationalities*	82	85	81
Attrition (Last Twelve Months)	12.5%	17.7%	21.9%
Women employees	32%	32%	32%

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



Audited Consolidated Financial Results for the Quarter and Nine Months Ended December 31, 2021

(₹ in millions, except per share data)

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2021	September 30, 2021	December 31, 2020	December 31, 2021	December 31, 2020	March 31, 2021
Revenue from operations	27,500	25,862	20,237	76,279	58,585	79,678
Other income, net	708	748	616	2,174	1,128	1,517
Total income	28,208	26,610	20,853	78,453	59,713	81,195
Expenses						
Employee benefits expense	16,458	15,644	12,610	45,775	38,009	51,132
Finance costs	127	125	127	381	390	504
Depreciation and amortisation expenses	632	610	717	1,824	1,883	2,596
Other expenses	5,121	4,911	2,948	14,631	8,635	11,979
Total expenses	22,338	21,290	16,402	62,611	48,917	66,211
Profit before tax	5,870	5,320	4,451	15,842	10,796	14,984
Tax expense						
Current tax	1,612	1,387	1,386	4,248	3,075	4,214
Deferred tax	(117)	(56)	(200)	(204)	(211)	(335)
Net profit for the period	4,375	3,989	3,265	11,798	7,932	11,105
Other comprehensive income:						
A. (i) Items that will not be reclassified to profit or loss	(4)	41	(132)	65	(162)	(117)
(ii) Income tax relating to items that will not be reclassified to profit or loss	1	(10)	31	(15)	38	28
B. (i) Items that will be reclassified to profit or loss	982	876	1,252	1,778	4,817	5,206
(ii) Income tax relating to items that will be reclassified to profit or loss	(343)	(306)	(437)	(621)	(1,683)	(1,819)
Total other comprehensive income	636	601	714	1,207	3,010	3,298
Total comprehensive income for the period	5,011	4,590	3,979	13,005	10,942	14,403
Paid up equity share capital (face value Rs.10 each)	1,648	1,648	1,647	1,648	1,647	1,647
Reserves	48,457	44,944	38,048	48,457	38,048	41,543
Earnings per share (EPS) (refer note 7):						
Basic EPS (Rs.)	26.55	24.21	19.82	71.60	48.18	67.44
Diluted EPS (Rs.)	26.50	24.19	19.81	71.56	48.16	67.41

AUDITED SEGMENT REVENUE AND RESULTS

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2021	September 30, 2021	December 31, 2020	December 31, 2021	December 31, 2020	March 31, 2021
Segment revenue						
Retail, CPG and Manufacturing	6,674	6,566	4,331	18,299	12,297	16,956
Banking, Financial Services and Insurance	4,805	4,536	3,956	13,503	11,757	15,632
Communications, Media and Technology	11,857	10,995	9,362	33,272	27,277	36,937
Travel, Transportation and Hospitality	3,804	3,489	2,394	10,346	6,638	9,317
Healthcare	360	276	194	859	616	836
Total	27,500	25,862	20,237	76,279	58,585	79,678
Segment results						
Retail, CPG and Manufacturing	1,090	1,140	1,031	2,780	2,711	3,628
Banking, Financial Services and Insurance	932	921	911	2,755	2,547	3,310
Communications, Media and Technology	2,979	2,454	2,319	7,983	6,050	8,454
Travel, Transportation and Hospitality	867	766	372	2,215	426	905
Healthcare	53	26	46	140	207	270
Total	5,921	5,307	4,679	15,873	11,941	16,567
Unallocable						
Expenses	632	610	717	1,824	1,883	2,596
Finance costs	127	125	127	381	390	504
Other income	708	748	616	2,174	1,128	1,517
Profit before tax	5,870	5,320	4,451	15,842	10,796	14,984

Notes on segment information

Principal segments

The Group 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 Group 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 Group has regrouped certain customers between the segments and the comparative numbers have been restated to give effect to such change. The Group has presented its segment results under these business segments.

Segment assets and liabilities

Segregation of assets, liabilities, depreciation and other non-cash expenses into various business segments has not been carried out as the assets are used interchangeably between segments. Accordingly, no disclosure relating to segment assets and liabilities has been made.

Audited Consolidated Financial Results for the Quarter and Nine Months Ended December 31, 2021
 (₹ in millions, except per share data)

Particulars	As at	
	December 31, 2021	March 31, 2021
ASSETS		
Non-current assets		
Property, plant and equipment	3,948	3,039
Capital work-in-progress	87	224
Right-of-use assets	4,883	4,773
Goodwill	4,732	4,732
Other intangible assets	84	214
Financial assets		
Investments	2,078	1,161
Other financial assets (refer note 8)	2,617	1,701
Deferred tax assets (net)	-	351
Other non-current assets	1,462	1,665
	19,891	17,860
Current assets		
Inventory	40	-
Financial assets		
Investments	23,965	19,307
Trade receivables	17,428	12,742
Cash and cash equivalents	4,688	7,597
Other financial assets (refer note 8)	5,236	2,964
Other current assets	3,741	3,144
	55,098	45,754
TOTAL ASSETS	74,989	63,614
EQUITY AND LIABILITIES		
Equity		
Equity share capital	1,648	1,647
Other equity	48,457	41,543
	50,105	43,190
Liabilities		
Non-current liabilities		
Financial liabilities		
Lease liabilities	4,758	4,492
Other financial liabilities	6	6
Deferred tax liabilities (net)	66	-
	4,830	4,498
Current liabilities		
Financial liabilities		
Lease liabilities	883	885
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	45	43
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,690	2,633
Other financial liabilities	5,935	5,250
Other current liabilities	3,861	2,510
Provisions	2,306	2,227
Current tax liabilities (net)	2,334	2,378
	20,054	15,926
	24,884	20,424
TOTAL EQUITY AND LIABILITIES	74,989	63,614

Audited Consolidated Financial Results for the Quarter and Nine Months Ended December 31, 2021

(₹ in millions, except per share data)

Particulars	Nine months ended	
	December 31, 2021	December 31, 2020
AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS		
Cash flow from operating activities		
Profit for the period	11,798	7,932
<i>Adjustments for :</i>		
Income tax expense	4,044	2,864
Depreciation and amortization expenses	1,824	1,883
Impairment loss recognized on non-current assets held for sale	-	2
Share based payments to employees	296	65
Allowance for expected credit losses (Net)	93	142
Finance costs	381	390
Interest income on financial assets at amortised cost	(275)	(121)
Interest income on financial assets at fair value through profit or loss	(24)	-
Net gain on disposal of property, plant and equipment	(5)	(45)
Net gain on disposal of right-of-use assets	-	(1)
Net gain on financial assets designated at fair value through profit or loss	(630)	(785)
Unrealised exchange difference on lease liabilities	42	(60)
Unrealised exchange difference on fair value hedges	(144)	(298)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(73)	57
<i>Changes in operating assets and liabilities</i>		
Trade receivables	(4,647)	1,951
Inventories	5	-
Other assets	(1,818)	1,148
Bank balances other than cash and cash equivalents	-	1,961
Trade payables	1,895	(64)
Other liabilities	1,048	248
Provisions	69	1,322
Net cash provided by operating activities before taxes	13,879	18,591
Income taxes paid, net of refunds	(4,118)	(2,184)
Net cash provided by operating activities	9,761	16,407
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,401)	(288)
Proceeds from sale of property, plant and equipment	6	57
Payment towards initial direct cost of right-of-use assets	-	(5)
Payment towards transfer of business (refer note 10)	(1,076)	-
Interest income on financial assets at amortised cost	180	133
Interest income on financial assets at fair value through profit or loss	24	-
Proceeds from sale of non-current assets held for sale	-	459
Purchase of investments	(27,049)	(31,241)
Proceeds from sale of investments	22,176	16,703
Net cash (used in) investing activities	(7,140)	(14,182)
Cash flow from financing activities		
Issue of share capital (net of issue expenses paid)	1	1
Payment of lease liabilities	(694)	(601)
Finance costs (including interest towards lease liabilities)	(381)	(390)
Repayment of long-term borrowings	-	(5)
Dividends paid	(4,529)	(2,880)
Net cash (used in) financing activities	(5,603)	(3,875)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	73	(57)
Net (decrease) in cash and cash equivalents	(2,909)	(1,707)
Cash and cash equivalents at the beginning of the period	7,597	3,909
Cash and cash equivalents at the end of the period	4,688	2,202
Cash and cash equivalents		
Particulars	As at	
	December 31, 2021	December 31, 2020
Balances with banks in current accounts and deposit accounts	4,661	2,178
Other bank balances	27	24
Cash and cash equivalents as per balance sheet	4,688	2,202
Book overdrafts used for cash management purposes	-	-
Cash and cash equivalents as per statement of cash flows	4,688	2,202

Audited Consolidated Financial Results for the Quarter and Nine Months Ended December 31, 2021

(₹ in millions, except per share data)

Reconciliation of liabilities from financing activities for the nine months ended December 31, 2021

Particulars	As at April 1, 2021	Proceeds/ Impact of Ind AS 116	Repayment	Fair value changes	As at December 31, 2021
Lease liabilities	5,377	916	(694)	42	5,641
Total liabilities from financing activities	5,377	916	(694)	42	5,641

Reconciliation of liabilities from financing activities for the nine months ended December 31, 2020

Particulars	As at April 1, 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

Notes to audited consolidated financial results for the quarter and nine months ended December 31, 2021

- The information presented above is extracted from the audited consolidated interim financial statements for the quarter and nine months ended December 31, 2021, audited consolidated interim financial statements for the quarter and six months ended September 30, 2021 and the audited consolidated financial statements for the year ended March 31, 2021. The consolidated interim financial statements for the quarter and nine months ended December 31, 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 January 12, 2022 and thereafter have been adopted by the Board at its meeting held on January 13, 2022.
- The statement of consolidated financial results has been audited by the Company's auditors. The Company's auditors have issued an unmodified audit opinion on the consolidated financial results. The audit report has been filed with the stock exchanges and is also available on the Company's website.
- Estimation uncertainty relating to COVID-19 outbreak:**
The Group 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 consolidated financial results in determining the impact on various elements of its consolidated financial results. The Group has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Group has accrued its liabilities and also expects to fully recover the carrying amount of inventory, 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 consolidated financial results.
- The Board of Directors at its meeting held on April 16, 2021 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 Board of Directors at its meeting held on October 13, 2021 had declared an interim dividend of 100% (Rs 10 per equity share of par value Rs 10 each). The aforesaid dividends were paid during the nine months ended December 31, 2021.
- Board changes and changes in Key Managerial Personnel:**
Mr. Dayapatra Nevatia resigned as Executive Director and Chief Operating Officer with effect from January 3, 2022.

6 Audited financial results of Mindtree Limited (Standalone Information)

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2021	September 30, 2021	December 31, 2020	December 31, 2021	December 31, 2020	March 31, 2021
Revenue from operations	27,500	25,862	20,237	76,279	58,585	79,678
Profit before tax	5,870	5,319	4,451	15,842	10,796	14,982
Profit after tax	4,375	3,988	3,265	11,798	7,932	11,103

Note: The audited results of Mindtree Limited for the above mentioned periods are available in the investors section in www.mindtree.com and also with the stock exchanges where it is listed. The information above has been extracted from the audited standalone financial results as stated.

- EPS for the interim periods are not annualized.
- 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'.
- The Code on Social Security, 2020 (the Code) has been enacted, which would impact the contributions by the Group 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 (the Ministry) has released draft rules for the Code on November 13, 2020. The Group will complete its evaluation and will give appropriate impact in its consolidated financial results in the period in which the Code becomes effective and the related rules are published.
- 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 in millions)
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 more information, please contact:

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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.