

# Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

## Shareholder report

Third quarter ended December 31, 2021

January 14, 2022

Dear Shareholder,

Wish you and your family a very happy and prosperous 2022.

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.

For the quarter, our revenues were \$366.4 million, up 5.2% sequentially in constant currency in what is a seasonally soft quarter because of furloughs and holidays. This is our fourth consecutive quarter of more than 5% revenue growth in constant currency terms. In USD terms, revenue grew 4.7% sequentially and 33.7% YoY.

Our revenue growth momentum not only validates the disciplined execution of our strategy, but also speaks to the broad-based secular demand for our digital transformation offerings.

Our order book, comprising a healthy mix of annuity and transformational deals, stood at \$358 million, up 14.6% year-over-year, taking our year-to-date TCV to more than \$1.2 billion. Our EBITDA margin — a measure of our operational rigor and efficiency — came in at a healthy 21.5%. Notably, our PAT of \$158.8 million for the first 9 months of FY22 exceeded the PAT for the entire FY21. We are confident in our ability to sustain our strong momentum.

Please read on for the key highlights and a summary of our financial results for the quarter.

We would like to take this opportunity to thank you for your support and continued trust, and wish you the very best.

Warm regards,



**Debashis Chatterjee**  
Chief Executive Officer and Managing Director



**Vinit Teredesai**  
Chief Financial Officer



## 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.



**Extract of the 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
<b>Total income</b>	<b>28,208</b>	<b>26,610</b>	<b>20,853</b>	<b>78,453</b>	<b>59,713</b>	<b>81,195</b>
<b>Expenses</b>						
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
<b>Total expenses</b>	<b>22,338</b>	<b>21,290</b>	<b>16,402</b>	<b>62,611</b>	<b>48,917</b>	<b>66,211</b>
<b>Profit before tax</b>	<b>5,870</b>	<b>5,320</b>	<b>4,451</b>	<b>15,842</b>	<b>10,796</b>	<b>14,984</b>
Tax expense						
Current tax	1,612	1,387	1,386	4,248	3,075	4,214
Deferred tax	(117)	(56)	(200)	(204)	(211)	(335)
<b>Net profit for the period</b>	<b>4,375</b>	<b>3,989</b>	<b>3,265</b>	<b>11,798</b>	<b>7,932</b>	<b>11,105</b>
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)
<b>Total other comprehensive income</b>	<b>636</b>	<b>601</b>	<b>714</b>	<b>1,207</b>	<b>3,010</b>	<b>3,298</b>
<b>Total comprehensive income for the period</b>	<b>5,011</b>	<b>4,590</b>	<b>3,979</b>	<b>13,005</b>	<b>10,942</b>	<b>14,403</b>
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
<b>Segment revenue</b>						
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
<b>Total</b>	<b>27,500</b>	<b>25,862</b>	<b>20,237</b>	<b>76,279</b>	<b>58,585</b>	<b>79,678</b>
<b>Segment results</b>						
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
<b>Total</b>	<b>5,921</b>	<b>5,307</b>	<b>4,679</b>	<b>15,873</b>	<b>11,941</b>	<b>16,567</b>
<b>Unallocable</b>						
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
<b>Profit before tax</b>	<b>5,870</b>	<b>5,320</b>	<b>4,451</b>	<b>15,842</b>	<b>10,796</b>	<b>14,984</b>

**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.

**Key Financial Metrics & Ratios**

₹ 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

**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

**Note:**

This report along with more information on our quarterly results is also available in the investors section of our website ([www.mindtree.com](http://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](mailto: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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