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April 25, 2022

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Dear Sirs,

Sub: Transcript of the earnings conference call for the quarter and year ended Mar 31, 2022

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the earnings conference call for the quarter and year ended March 31, 2022 conducted after the meeting of Board of Directors held on April 18, 2022, for your information and records.

The above information is also available on the website of Company: www.mindtree.com/about/investors

This is for your kind information and records.

Thanking you,

Yours sincerely,
for **Mindtree Limited**

Subhodh Shetty
Company Secretary
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Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Transcript of Earnings Conference Call

Fourth quarter ended March 31, 2022

April 18, 2022

Moderator: Ladies and gentlemen, good day and welcome to the Mindtree limited quarter 4, FY22 earnings conference call. Please note, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the opening remarks. Should you need assistance during the conference call, please raise your hand from the participants tab on your screen. Please note that this conference is being recorded. I now hand over to Mr. Vinay Kalingara, Head of Investor Relations, Mindtree. Thank you and over to you sir.

Vinay Kalingara: Thanks Aditya. Welcome to this conference call to discuss the financial results for the fourth quarter ended March 31, 2022. Today, on the call we have with us Mr. Debashis Chatterjee, Chief Executive Officer and Managing Director, Mindtree; Mr. Venu Lambu, Executive Director and President, Global Markets, Mindtree; and Mr. Vinit Teredesai, Chief Financial Officer, Mindtree. We will begin with a brief overview of the company's Quarter 4 and FY22 performance, after which we will open the floor for Q&A. Before I hand over, let me begin with the Safe Harbor statement. During the call, we could make forward-looking statements. These statements are considering the environment we see as of today and carry a risk in terms of uncertainty because of which the actual results could differ from those outlined in the quarterly financials available on our website. We do not undertake to update those statements periodically. I now pass it on to DC for his opening remarks.

Debashis Chatterjee: Thank you, Vinay. Good evening and good morning to everyone on the call. Thank you for joining us. We are pleased with our industry-leading profitable growth in FY22. Our ability to deliver solid business outcomes even during times of momentous change, uncertainty, and disruption validates our vision, strategy, and capabilities. Our three-pronged approach of accelerating core portfolio, expanding emerging portfolio, and incubating new portfolio has helped us sustain our growth momentum, while staying ahead of the market trends and customer needs in delivering digital transformation at scale. Our fourth quarter revenue came in at strong USD 383.8 million sequentially up 5.2% in constant currency and 4.8% in USD terms. For the full year our revenue grew 31.1% and we delivered an EBITDA margin of 20.9%. Our EPS for the year was ₹100.2, a growth of 48.7% over last year. We ended the year with a healthy orderbook of USD 1.6 billion, representing a growth of 16.7% over last year. We are proud of our remarkable progress on the strategic growth levers outlined at the start of this year - driving profitable growth, wallet share, whitespace opportunities, geographic footprint, market penetration, and hyperscaler partnerships. During the year, we added 33 new logos. With focused upselling and cross-selling, we grew the revenue share of our focus 100 accounts to nearly 90%. The number of \$20-million accounts doubled from 7 to 14. We incubated the Health industry group and acquired Industry 4.0 capabilities through Mindtree NxT. In line with our rapid growth, we expanded our presence in Germany, Finland, and Denmark, and bolstered our nearshore capabilities in Europe with a center in Poland. We also expanded our delivery footprint in India with an additional facility in Pune and our first development center in Kolkata. Hyperscaler partnerships are vital to our value proposition. As a result of our aggressive investments in building industry-aligned hyperscaler capabilities and offerings, we achieved

the status of ServiceNow Elite partner in less than a year, launched as many as 30 new solutions on Google cloud platform and earned advanced specializations in Analytics, AI, and Machine Learning on Microsoft Azure.

As a born digital company, we have enjoyed an edge in driving next-generation technology capabilities and innovation ahead of the curve. We have been at the forefront of delivering differentiated experiences using blockchain, AR/VR, IoT, AI, geospatial, and other cutting-edge technologies. With these technologies now forming the building blocks of the Metaverse, our innovative work provides us a natural head-start in advancing our proposition for this fast-growing ecosystem of alternative reality. We are excited to announce that we are increasing investments in Metaverse solutions and capabilities to extend our technology and design thinking leadership into an integrated, consulting-led Metaverse offering. Complemented by our immersive technology experience center, 'Immersive Aurora', our Metaverse offering will enable customers to accelerate and optimize their transition to the meta-economy.

To us, digital transformation at scale is about delivering continuous change and value from core to edge to experience, leveraging integrated capabilities and solutions informed by a vision of the future. Our growth narrative is powered by our ability to comprehensively fulfill this mandate. For example, a growing number of our focus 100 accounts are now full-stack accounts cutting across all our service line capabilities. This speaks to our strategic relevance and effectiveness across the full spectrum of digital transformation.

We continue to see an increasing number of deals evolve into larger strategic engagements. For example, what began a year ago as a story points-based omnichannel digital transformation engagement for a large high-tech multinational conglomerate has since expanded into enterprise IT and IoT platform development across different divisions. A product development engagement that we began last year with a professional services company has quickly expanded into enterprise IT platform development in a studio model across all four of our services lines, leveraging our strong hyperscaler partnerships.

In driving more complex change-focused digital work, customers are increasingly choosing us to address higher-end needs. A multinational bank and financial services company, for example, recently partnered with us on a broad range of digital engineering, MarTech and regulatory requirements. Creating conditions for transformation to keep pace with the rapid market and technology changes is vital in the new normal. By adopting a product-centric model, we are enabling an increasing number of customers such as a large credit reporting agency and a global mobility solutions provider to align business and IT through customer and data journeys for faster innovation and time-to-market. We are actively enabling healthcare organizations across the health ecosystem to adopt the best of digital innovation and consumer centricity from digitally mature industry sectors for driving greater personalization in this age of consumerism.

Across all our industry groups, we continued to grow focus accounts, scale strategic new logos, diversify our customer portfolio, and pivot to outcome-based engagements.

Our Communications, Media and Technology business grew 5.2% sequentially and 23.1% for the full year. This growth was driven by product engineering and customization, digital marketing, selling and commerce, enterprise IT platform development, and cybersecurity

services. We saw continued strength in Technology, where we helped our customers to develop and roll out innovative and intuitive products. In Communications, we enabled our customers to drive continuous product innovation and faster deployment, while the work for Media customers involved creating next-gen experiences leveraging digital technologies.

Our Retail, CPG and Manufacturing business was down 2.4% sequentially because of a ramp down in a retail account. However, we delivered a strong full year growth of 45.4% on the back of continued demand for reimagining and maximizing customer journeys and supply chains as hyper-personalized omnichannel experiences and connected ecosystems of products, experiences, and operations rose to the top of the agenda. We enabled our customers to strengthen their edge-to-experience proposition powered by real-time insights and 360-degree views of the consumer and the value chain. The imperative to innovate and scale fast has meant more deals centered around agile cross-functional, digital engineering pods.

Our Banking, Financial Services and Insurance grew 8.9% sequentially and 19.1% for the full year with marked traction in accelerating future tech capabilities, reimagining experience, modernizing the core, and driving strategic data integration programs to enable new product innovation. We are enabling customers to become more like digital natives and reimagine their businesses with newer offerings. Our integrated capabilities combined with pointed domain-specific offerings developed through partnerships have strengthened our go-to-market strategy helping us differentiate and win new logos including Tier-1 financial institutions in the US, Continental Europe, and Australia.

Our Travel, Transportation, and Hospitality business grew 9.2% sequentially and 54.6% for the full year. Our FY22 results crossed the pre-pandemic levels, driven by domain-led capabilities in customer experience, data intelligence, and core transformation offerings delivered through a product-centric model. Many of our new logos in the newer sub-sectors beyond airlines and hospitality are well on their way to becoming top clients for us. We enabled customers to reimagine and reinvent their business models to meet the connected consumer's need for seamless experiences, hyper-personalization, health and safety, and contextual offerings in an increasingly contactless world.

In its first year, our Health business contributed USD 17.3 million to our revenue for full year as our investments in building capabilities and opportunity pipeline in this vertical, together with our differentiated consulting-led approach, showed further results. In the latest quarter, we won four new logos - including one large digital transformation and product-engineering deal with a leading American health services business. We recently made a strategic investment in COPE Health Solutions, a healthcare consulting and analytics leader in the U.S., to accelerate our growth in this sector by tapping into opportunities arising from value-based care, population health management, and personalized healthcare.

In terms of geographies, during the year - North America grew 25%, Continental Europe, UK, and Ireland grew 58.7%, and APAC and Middle East grew 39%.

Among our service lines, in FY22, Customer Success grew 42.9%, Data and Intelligence grew 30.5%, Cloud grew 29.4%, and Enterprise IT grew 15.4%.

Through FY22, we deepened our hyperscaler partnerships to deliver greater market impact - be it enabling a tech company to shape the future of travel, an online payment app to power

an annual exchange of \$2 billion without bank affiliations, or a sportswear manufacturer to enhance customer loyalty and retention through ecommerce. In addition to expanding our domain and technology capabilities and partnerships, we doubled down on non-linear growth opportunities led by platforms, accelerators, and consulting. For example, we launched an AI/ML-powered platform for enterprises of all scales to manage their service experience in multi-provider environments. Our Connected Operations offerings spanning assets, processes, and personnel saw a strong demand from customers looking to turn insights into actions through autonomous operations. We took a leap forward in helping enterprises transform their omnichannel customer service with our Cognitive Customer Service suite that delivers intelligent agent assistance and real-time sentiment analysis powered by applied AI. To help organizations design, build, and manage intelligent security operations, we introduced consulting services around Managed Security Operations Center.

We made aggressive investments in creating an innovation and collaboration ecosystem to facilitate the adoption of technologies such as blockchain, AR/VR, and low-code/no-code at speed and scale. Our new platform and framework-based offerings with Testing and DevOps saw increased traction. To deepen our capabilities, we created centers of excellence in areas such as digital engineering and platform operations while incubating solution groups with our existing customers. Many of these new-tech offerings are getting embedded in our current solutions and have the potential to be large deals.

Through the year, we were ranked highly in more than 75 analyst reports for diverse digital capabilities. On the supply side, we continued to augment our employee experience through more creative, agile, and personalized approaches to employee career development and change management. We are pleased with the early results of our program aimed at identifying and grooming critical talent on an ongoing basis. It is key to our 'one-size-fits-one' employee engagement and career enablement strategy, which consists of policies and processes customized to specific talent communities and includes monetary as well as non-monetary elements such as role rotations, upskilling, and workforce flexibility.

Our net headcount addition in FY22 was over 11,200 - more than six times the headcount addition in the preceding year. We closed FY22 with a global headcount of more than 35,000. Through FY23, we expect our hiring of fresh graduates to increase significantly. With our revamped training program for fresh graduate hires, including candidates starting in the last semester of their engineering program, we have already significantly cut down the time required to make early career talent ready for client projects. In FY22, our reskilling and upskilling initiatives, including key digital technologies such as AI, AR/VR, data analytics, and cloud powered nearly half of our global workforce. Following a successful launch earlier in the quarter, our returnship program for enabling technology professionals to restart careers after a break with personalized train-and-deploy model is now being scaled to the next level.

For the fourth quarter, our LTM attrition was 23.8%. Attrition continues to be an industrywide issue. We expect the situation to gradually stabilize over the next few quarters. I will now turn over the call to Vinit for Q4 and full year financial heights, Vinit.

Vinit Teredesai:

Thank you, DC. Good evening and good morning to everyone on the call. I'll begin by summarizing a few of the highlights of the quarter. Continuing our consistent performance through the year, our sequential revenue growth was 4.8% in dollar terms and 5.2% in constant currency. This is the fifth consecutive quarter of 5% plus sequential growth in constant currency. For the quarter, our reported EBITDA margin was 21% and the EBIT margin was 18.9%. PAT margin for the quarter was 16.3% as compared to 15.9% in Q3. Earnings per share was at ₹28.7 compared to ₹26.5 in Q3. The effective tax rate was 24.5%. Our DSO for the quarter was at 60 days, an improvement by 4 days. For the quarter, operating cash flow to EBITDA improved to 92.2% from 87.7% in Q3. Free cash flow to EBITDA was at 82.7% compared to 77.6% in Q3. Utilization was 83.1% compared to 81.5% in Q3. Our order book in Q4 is 390 million USD.

Now to summarize our full year performance, we ended the fiscal year 2022 on a strong note with the revenue growth of 31.1% in dollar terms. Revenue in rupee terms grew by 32.1% crossing ₹100 billion, and with the EPS over ₹100. Our order book for the full year was 1.6 billion USD, an increase of 16.7% over FY21, and this positions us well as we enter FY23. For the full year reported EBITDA margin was 20.9% compared to 20.8% in FY21. EBIT margin was 18.6% compared to 17.5% in FY21. PAT margin was 15.7% compared to 13.9% in FY21. Absolute PAT was USD 221.6 million reflecting a growth of 47.7%. EPS for the full year was ₹100.2, an increase of 48.7% over FY21. Effective tax rate for the full year was 25.2%. As of March 31st, our cash flow hedges are at USD 1.5 billion, hedges on the balance sheet are at USD 184 million and options of USD 6 million.

Our cash and investment balance were at all time high of USD 474.6 million. The Board of Directors have recommended a final dividend of ₹27 per share taking the total dividend for FY22 to ₹37 per share. In 2021, Mindtree received a rating of 'AA' in the MSCI ESG ratings assessment. We continue progress on ESG commitments that we have set out to achieve through 2030. In March 2022, India ratings affirmed 'IND AAA' rating for Mindtree for the second consecutive year. This is a strong recognition of our financial prudence, efficient working capital management, and governance practices. I now hand it over back to DC for the business outlook.

Debashis Chatterjee:

Thanks Vinit. Change is playing out at a breathtaking space. Industry lines are blurring like never before. Newer businesses and revenue streams are emerging. New-age technologies are getting unprecedented prominence. The urgency to shift from legacy to cloud is pressing. Organizations are more convinced than ever that the time to become more resilient and future proof is now. Each one of these trends is creating more opportunities for us and we are continuing to strengthen our position as a partner of choice by becoming more consulting-led, outcome-focused, and global in scale.

Our focus going into FY23 will be on delivering even greater value to customers by dialing up full-stack engagements, driving more effective sell-to, sell-with and sell-through relationship with hyper scalers, shifting from run IT to product-centric models. Elevating our edge-to-experience proposition, enabling and unlocking the competitive potential of industry convergence, and strengthening next-gen delivery capabilities for integrated solutions. We are

confident that our focused strategy, disciplined execution, customer trust and team diligence will support our endeavor to continue delivering industry-leading profitable growth.

With that let me open the floor for questions.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may raise your hand from the participants tab on your screen. Participants are requested to use headphones or earphones while asking a question. Request you to please state your organization's name before asking your question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. First question is from Sandeep.

Sandeep: Hi, DC, Vinit and Venu, thanks for taking my question and congrats on a good set of numbers. How difficult is the manpower situation compared to what we have seen in the previous quarter, where do you see this situation moving, when will you be able to control this? That is number 1. And how much of this situation is impacting our execution as of now? So, any idea on that? And third, right now without Travel and Hospitality supporting too much, we are able to post such a good number. So, when this comes and fires for us, where do you think the growth rates will be? Do you think that FY23 could be far better than FY22 because a lot of these problems will probably resolve? Your views on these three will be very helpful.

Debashis Chatterjee: Thank you, Sandeep.
First of all, as far as the manpower situation is concerned, I presume you are talking about attrition. As I called out, it is a phenomenon which is prevalent in the industry, and everybody has to deal with it in certain ways. You need to have your own strategy. We have been able to demonstrate growth, as well as EBITDA, in spite of whatever situation has existed over the last 2-3 quarters. So, we have got mechanisms to deal with it. There are various engagements that we do to try and control the attrition. As I said, the LTM attrition is still on the rise, but we are hoping it will stabilize and gradually come down over a period of time, which will help the overall situation. Having said that, I think it is also important for us to navigate through this, in terms of whatever we need to do. For example, as a company, we have increased fresher hiring. We have also launched a program called EDGE program where we are hiring a lot of B.Sc's and BCA's and helping them to not only just work, but also get a degree from BITS Pilani. So, a lot of initiatives have been launched to navigate through that and we are very confident that we should be able to manage the situation as we go along. And in terms of your other question on Travel, interestingly, we are already at a revenue beyond the pre-pandemic levels. So, the Travel vertical has done fairly well, and it has grown. If you look at the last 4 quarters growth, almost like a 10% CAGR growth. We have expanded our Travel vertical, as in, we were initially focused on mostly the airlines and the hotels, but at this point of time, we are also focused on food and beverages, surface transport, and so on. There are logos that we have closed which will also grow, in our Travel and Transport and Hospitality vertical. And it is a little too early to call out anything beyond that. But our endeavor is to have industry-leading growth even in FY23; industry-leading profitable growth. So, beyond that it is difficult to comment anything further. Venu or Vinit, you want to add anything?

Vinit Teredesai No, DC, you have covered that.

Moderator: Thank you. Next question is from Vibhor.

Vibhor: Hello. Hi, DC. Hi, Vinit, Venu. Congrats on great set of numbers. Thanks for taking my question. Two questions from my side. The question for you, DC, is - this year we clocked 31% YoY growth, industry-leading growth. And you have guided to another industry-leading growth next year as well. So, this year, our growth was largely driven by the recovery in Retail and Travel vertical if I look at in terms of the percentage growth that these verticals reported. Going forward, FY23, do you believe the same verticals could be the driver of growth, or as we have seen in the last quarter a very strong pick up in BFSI - could BFSI also be a strong component of the industry-leading growth that we basically would be expecting next year? And my second question is for Vinit. Just wanted to check about the salary hikes for this year, what is the quantum that you are expecting, when would they be rolled out and specifically on the onsite salary cost - are they expected to be higher than before, in lieu of the overall rising global inflation? And with all that tied together do we still maintain that 20% plus EBITDA margin guidance?

Debashis Chatterjee: Thanks, Vibhor. So let me just answer the first question and I will request Venu to chime in. See, as far as the growth in FY22 is concerned I think it is fairly broad-based. If you look at BFSI, it grew 19%, CMT grew 23%, of course, Retail had a phenomenal growth of about 45%. Then if you look at Travel, it had ramped down because of the pandemic, so Travel had more than 54% growth. So, overall, the growth has been fairly broad-based and from an overall future standpoint also, at a broad level we expect the broad-based growth to continue across industries, across geographies. Yeah, there will be aberrations from time-to-time, but at an overall level, I think the sentiments are fairly bullish. Venu?

Venu Lambu: I agree, DC. We want to grow across all the sectors, and considering that we have the newer sectors like Healthcare, which is just coming out of its incubation period, so there is so much to grow in that. And so is the case in terms of the value we can create for Retail & CPG customers, Hi-tech, as well as the BFSI. So, it is very hard to pick which sector will grow faster but there is a demand outlook which is sort of consistent across all the sectors that we are focusing on.

Vibhor: Got it. Vinit?

Vibhor: Got it, but on the onsite level, is there any incremental pressure that we are facing because of supposedly higher global inflation which might require us to give higher salary hikes than before?

- Vinit Teredesai:** Nothing than what we are seeing differently at this point of time.
- Vibhor:** Okay, got it. Great, sir, thank you so much for taking my questions, I wish you all the best.
- Moderator:** Thank you. Next question is from Vimal Gohil.
- Vimal Gohil:** Thank you for the opportunity. My question on demand and attrition has been answered. Just a question on cash flows. Sir, if you could just highlight your OCF, operating cash flow if I look at the operating cash flow, it has sort of dropped this time around led by higher trade receivables. Matter of timing, or how should we look at the free cash flow conversion or OCF conversion going forward?
- Vinit Teredesai:** I think so our cash flow conversion what you are seeing for the full year is basically because we had an impact in the first quarter of this FY22. And that's what has impacted the full year. But if you look at the quarter-on-quarter, our free cash flow as well operating cash flow has improved quarter-on-quarter.
- Vimal Gohil:** And, sir, your receivables should come down going, should normalize going forward from here?
- Vinit Teredesai:** See, this is our sweet spot of 60 to 65 days, that's what we intend to look at it and we will try to maintain our DSO within that range.
- Vimal Gohil:** Thank you so much and all the very best.
- Moderator:** Thank you. Next question is from Manik Taneja.
- Manik Taneja:** Hi, good evening, thank you for the opportunity, am I audible?
- Vinit Teredesai:** Yes, you are.
- Manik Taneja:** Thank you for that outlook on the margin front. If you could help us understand what margin or operating levers will probably be a tailwind for you going into FY23 and what could be a headwind? And also, if you could talk about how should we be thinking about subcontracting expenses for us because in the last couple of quarters we had seen a decline there, this quarter we are seeing an increase. So, what's driving the quarterly volatility here? Thank you.
- Debashis Chatterjee:** So, Manik, the fundamental thing is that when you talk about margin, and I think I have addressed this in my previous commentaries - we have a robust program to look at margin in a very systematic fashion and look at all the levers that contribute to margin improvement. All the levers may not be firing all at the same time and all the levers may not be even applicable to all the industries or the service lines at the same time. So, the good news is that we have a good handle in terms of how we manage margins over quarters, and I think we have

demonstrated that over the last several quarters. To your specific question, in terms of headwind and tailwind, I would rather like to look at you know, there are certain levers in terms of margin where there are certain cost levers and there are certain levers which can help us in terms of revenues from our clients. For example, if you are talking about billing rates, etc., that will be something that we will consider as a revenue lever and for niche skills, etc., we do see in pockets where we are able to command a premium. So that helps, but if we look at some of the other levers which are cost levers - could be utilization, could be pyramid. Again, they will be kind of working in tandem to ensure that we can have a good control on the margin because we are also very keen to make sure that we invest in our business as we go along. Specifically, since you talked about subcons, the fundamental issue is - we get subcons because we want to ramp up some engagements in a very fast manner, in a very short time. And that's where we need subcons. And if you continue to have subcons for a longer duration in the engagement, then obviously, it will tend to dilute your margins. So, I think the way we have run our margin program is to ensure that if you get the subcons, you also get them also off at some point of time once the situation stabilizes, and you are able to replace them with FTEs. That's the normal process that we follow. I don't know whether I have been able to answer your question. Vinit, you want to add anything.

Vinit Teredesai:

No, I think, DC, you have covered most. 2-3 more levers I would say. In the last couple of quarters, we have been fast-tracking our 'flattening the pyramid' strategy. We have been adding 1500 plus freshers per quarter. We have also been able to ensure that many of them are able to get absorbed into the projects and get billed on a very quicker note. We do get certain premium pricing for certain niche skills. So, these are all the tailwinds that we will continue to look at. As we said, there are few headwinds in terms of operational cost like travel, offices, etc., that will at some point of time return. But we don't anticipate that they are going to come in one go and that we are going to be at the pre-pandemic levels. We are having a stringent discipline as far as travel costs are concerned, we are sort of reducing the footprint and increasing the diversity of available office options for people. So, all these put together are definitely helping us in terms of giving us that confidence.

Manik Taneja:

Thank you for that answer. If I can ask one more. If you could talk about, we recently made a minority investment in the US, if you could talk about the strategic rationale for such a thing. Thank you.

Debashis Chatterjee:

Venu, you want to?

Venu Lamba:

Sure, let me take that question. The investment that we made in COPE Health Solutions is in line with strategy that we had in terms of how can we grow our healthcare business. And one of the strategic capabilities that you need to grow the healthcare business is an access to domain capabilities. And in healthcare, COPE Solutions is pretty much focused on the payer and the provider market segment. They come with a very significant capabilities in advising customers on the business strategy, which involves applying a lot of domain solutions and

domain context. And the fact that now we have invested in that company, and we have a representation on the board, and we have a joint go-to-market defined along with them, it gives us a great opportunity to combine our technology and digital capabilities. Bring in COPE Health's domain capabilities so that we get that jumpstart into our newer sector. This is something which is used more as a springboard to get to the core of the healthcare customer base with the complementary skills of COPE and Mindtree. That essentially is the rationale why we went about, and we are already working with them in few customers as we speak.

Manik Taneja:

All the best for your future.

Moderator:

Thank you. Next question is from Vikas Ahuja.

Vikas Ahuja:

Hi, thank you for the opportunity. I have only one question. Globally many companies have started highlighting cost impact led by maybe macro-based inflation in the US or maybe slowdown in Europe. Do we think the cyclical headwinds emerging could in the near-term derail what otherwise would have been a strong structural trend? Are we building in any risk around it which means our growth could be materially different from what we have achieved in FY22?

Venu Lambu:

I will comment about the growth and, Vinit, you can chip in with regard to the risk related to the margin and so on. As we speak today, we have a robust pipeline, which we are confident that it will continue to strengthen, and it will continue to grow in the near-term. It is very difficult when you are sitting in the beginning of the year to comment in terms of how the Q3 Q4, what will be the demand outlook in that particular quarter. But at least in the near quarter I don't see any headwind with regard to the demand or the pipeline size that we have. It continues to be robust, and we are confident of that. The second part is that whether there is an inflation problem or there is a need to access customers faster, technology plays an important role - both to drive the cost saving mandate as well as to enhance the revenue maximization mandate of our customers. I think it is just that you need to have solutions and offering portfolio that can actually address both the mandates. So, if you are having those kinds of conversations with customers, I am pretty confident that we will continue to have that kind of traction going forward either to address the efficiency part or to address the change part using the digital capabilities. Vinit?

Vinit Teredesai:

I have nothing more to add.

Venu Lambu:

Okay, those are the comments that I have.

Vikas Ahuja:

Sure, Venu, also just assuming in case of no macro impact, do you think if we exclude the pent-up part in FY22, we can replicate what we have achieved in FY22 in FY23?

Vikas Ahuja:

Sure, thanks a lot.

Moderator: Thank you. Next question is from Mr. Nitin. Yes, Nitin.

Nitin: Good evening. Am I audible?

Moderator: Yes.

Nitin: Great. My question is around pricing. Just wanted your thoughts on that. One is obviously existing contracts, newer contracts and obviously there are some where there are inbuilt productivity benefits. If you could just give a sense in terms of, how are you thinking about how this sort of filters through on a portfolio level, on a going forward basis. And second, considering that there is a lot of inflation-led headwinds for customers, just thinking out aloud, as we go towards the tail-end of the year, if those inflation just sort of hurt their earnings, the ability to get pricing becomes possibly a little more difficult. So how are you visualizing the flow-through of pricing into the overall portfolio. How should we think about it from a Mindtree portfolio perspective?

Venu Lambu: Look, you know, there is a pricing element which is related to the niche skills and if you look at the niche skills, they are predominantly focused on helping customers to transform into digital models, right? So that means, they are essentially addressing revenue maximization mandate, right? So, if those skills are oriented towards revenue maximization mandate of our customers, there is an appetite for clients to actually pay more. But, if the skill sets are related to addressing the efficiency mandate, where you're supposed to drive the cost down either through automation, increased productivity, or in some cases, even the rates could get under pressure. As you rightly mentioned, most of the customers are facing the headwinds of inflation. They look at how much cost they can reduce in their businesses. So, I think there is going to be pressure in driving savings in the legacy or in the traditional part of the scope, but there will also be significant investment dollars coming in the digital space. I think, it's all about balancing it right within our portfolios, right at the account level and then growing it up to the sector level. If we can get that balance right with the right capabilities using our four service lines, I think, some of the headwinds that we might face with regards to the cost savings pressure, we can mitigate it by focusing more on the digital dollars that we can get.

Nitin: So, just to sort of ask in a different way, so if you look at the wage inflation or the salary inflation that you could see this year, do you think whatever increase in realizations that you may see, will completely offset that or do you think it will only partially offset that? How, are you seeing it?

Venu Lambu: Look, it's difficult to say a like-to-like offsetting part of it. I think the wage inflations - whether it's in India or outside India, is one aspect of it and how do you manage that cost? But the pricing is more about what the customer pays you for a certain skill set. Hence, I do believe that it's not fair to start relating to the like-to-like mitigating of the cost element. But I can only say, there is an opportunity for increase in price for a certain niche skills. And it's left to us in terms of how much we play that part of the business more while balancing it out on the

cost saving part of the business.

Nitin: Understood, fair enough. Thank you so much and all the best.

Moderator: Thank you. The next question is from Rishi Jhunjunwala.

Rishi Jhunjunwala: Hi, thank you. Can you hear me?

Moderator: Yes.

Rishi Jhunjunwala: Thank you. Couple of questions. First of all, on your hiring, your headcount growth this year has been almost 47%, and it's not like it is coming on the back of under-hiring that you might have done in FY21. And, on top of that, versus pre-COVID levels, your sub-contracting expenses are also up. So, how do we meet this significant delta between headcount growth of 47% versus revenue growth which was more like at 31%? So, there's a 16% higher growth. Does it mean that for next year, unless we're going to grow substantially better, the headcount intensity will drop significantly?

Debashis Chatterjee: Let me take a stab at it and then Vinit and Venu can. We all acknowledge the fact that the attrition has been one of the challenges in the last 3-4 quarters. So, what you see in terms of numbers, as you described, are just to ensure that we cover for the attrition. And, as we control the attrition, as the attrition numbers come down, I think the difference that you see over there should be also reducing. Now, that's one aspect. The second aspect is that, from a business standpoint also, there are lot of opportunities which are purely outcome-based, which are tied to business outcomes of clients. And as we do that, we should be able to also delink the headcount and the revenues to a certain extent. So that is also something that will help as we go along, to change those numbers, as you described. Vinit, do you want to add?

Vinit Teredesai: Rishi, and for a section of our addition, it is also contributed because we have done a lot of fresher hiring compared to the past years. So, that is one important element that you should keep in mind. Subcontractors, as DC mentioned, is something which we sort of pick up and pick down depending upon how the requirement is. Subcontractors are typically bought into play when we have to ramp up very quickly. But a very disciplined amount of, sort of a contractor cost management, is something that we manage very well. We have a program that controls and manages costs to ensure that it is efficient on that front. And the last part is, a lot of hiring is also to ensure that we are building capacity for our demand and the pipeline that is with us. In today's market, when talent is absolutely a critical part, this is one part of the investment where we have to ensure that we have built into our numbers, so that we're able to take advantage of the growth that's coming our way.

Rishi Jhunjunwala: Sure sir. I understand the logic behind hiring. The only point I was trying to get a clarification on, was that, suppose next year you're looking at a 30% revenue growth. In order for you to

balance out the additional hiring you have done this year, effectively next year hiring will be less than 15%. Is that a right understanding?

Vinit Teredesai: That's not correct, because, if the growth is on the same lines as what we have delivered in FY22, then the hiring will also be in line with that. That's because, that is all from an incremental perspective of how we'll be entering the subsequent year. So, right now, hiring is always done ahead of time. So, I don't think you should correlate those two points.

Rishi Jhunjhunwala: Fair enough. And very quickly, your hedge book has gone up substantially. If you look at it versus 1 and 2 years ago. To a large extent, it's also a reflection of your revenue growth. But, at \$1.72 billion with a hedge rate of 82, if rupee were to remain at 76 for the next couple of years, we are almost looking like a 1,000-crore worth of hedging gains. Is that a right way to look at it?

Vinit Teredesai: Yes. We have also slightly extended our period of hedges from earlier 3 years, now to look at certain portion of hedges towards the 4th and 5th year. So, that's on a constantly rolling basis. As you know, we accelerated our hedging program in a more structured and disciplined way since the beginning of last year. So, that's what you're seeing now. What we are right now doing is only 70% of our total net exposure, that we are forecasting in the future years.

Rishi Jhunjhunwala: Alright. Thank you.

Moderator: Thank you. The next question is from Siddharth Vora.

Siddharth Vora: Hi, can you hear me?

Moderator: Yes.

Siddharth Vora: Thank you for taking my question. I also had a question around the healthy employee additions you had this quarter. It shows a number, even with that addition, we are on a higher utilization base. So, have you added more on the laterals which are getting, what you say, on the job, very fast? The kind of fresher additions you would have done for the year? What would be that number?

Vinit Teredesai: See, I won't specifically comment. I can tell you, when we do the hiring, we do a combination of hiring. In the last 2-3 quarters, our hiring on the freshers is roughly in the range of 1,500 plus per quarter, and that has been consistent in the last 2-3 quarters. So, you can take that as a number base and do the rest of the calculations.

Siddharth Vora: Sure. And in terms of employee numbers as well, your utilization at 83% has been the norm for the last 4-6 quarters. Do you expect that level to remain, or do you want to lower that?

Vinit Teredesai: Today, if you look at our order book to billing, that period is pretty small. So, we're able to get our people billed on a very quicker note. We are also able to get our freshers who are coming after the initial training, getting billed on a very quicker note. So, all these put together, are definitely helping us in terms of higher utilization. Ideally, our comfort level of utilization will be in the 80-82% range, so that's what we'll be looking at. And, at some point of time, that normalization will also happen.

Siddharth Vora: And one more thing. So, your client buckets have seen a very strong improvement in this year. Commendable job! Is it sustainable and do you see these client mining benefits continue? Any one off over there?

Vinit Teredesai: No one offs, definitely. In the last 2-3 years, we have rationalized some of the tail accounts, and that will continue as a part and parcel of our strategy. I think we have done a significant number for our tail account rationalization. At the same time, we have also added new logos and new clients, and that exercise will continue. So, our account mining strategy is definitely going to continue even in the future.

Siddharth Vora: Sure. Really helpful. Lastly, even in this quarter, your efforts have continued to shift offshore and not onsite, inspite of subcon costs being there or not seeing huge deviations. Is there anything to call out over there? Is this a stable number which you will continue?

Vinit Teredesai: See, at least in the initial part, we're not looking at our clients asking our people to return to offices yet; it's only in very few pockets that we're seeing that phenomenon. But I'm sure, as COVID subsides in European and other regions, there can be a potential increase in the 2nd half for people to increase. At that point of time, there can be a shift between the offshore-onsite ratio slightly.

Siddharth Vora: Okay. That's it Thank you for answering all my questions.

Moderator: Thank you. The next question is from Abhishek.

Abhishek: Hi! Thanks for the opportunity and congrats on a good execution. Just two questions. Vinit, you mentioned that your ability to convert your bookings to revenue is much better. So, should we read that our mix of short tenure deals has gone up in the past few quarters? That is one. Second is, what's the thought in terms of - our fixed price contract type has seen almost a 4% reduction and we are increasing time and material. So, what are clients doing with us? That's because, the general thoughts were that increasingly more FPP kind of work is happening. But, we are seeing a change in our contract type. So, any color there would be really helpful.

Venu Lambu: I think, the first question and the fixed price part are sort of inter-related. So, I'll give you general commentary and Vinit can add further to that. If you look at it, the point about having an opportunity to realize revenue at a much faster pace, from the point of order booking is coming due to the nature of this work that we do. And most of the work, if it is getting pivoted

more towards digital transformation, the concept of a long-term transition that you associate in traditional IT services is not there in most of the scope. So, hence, your day 1 is essentially your revenue kickoff time, and that essentially is the context when we make a comment that we have a great opportunity and quite a few deals where we can realize the revenue at a much faster pace than you associate with a traditional deal kind of construct, purely because of the kind of digital work that involves without transition. And that is also the reason, in my view, which is leading to the fact that, when we talk about a digital transformation, you essentially have an end goal in mind. There's an end vision; that's what the customer defines along with us. But the journey is something we have to navigate together. And, when you start a journey of digital transformation, the scope at every milestone is not hard defined. It gets defined, it gets evolved as you start working towards that. That's also the reason why the customer would like to start with T&M kind of a construct. But, as the scope gets clear and it sort of attains a degree of certainty in terms of both duration and quantum of work and the nature of work, then it tends to get converted into a fixed capacity or a fixed price kind of a model. So, I thought I'll just sort of correlate to the first aspect of it in terms of why it starts in a short deal and then it ends up being a large engagement, and also the kind of contract that it involves throughout that journey.

Vinit Teredesai:

And, the other thing is, for us, both fixed price and T&M, we need to do a balancing act between both of them. Fixed price engagements help us in terms of getting some good margin leverage. While on the other hand, the T&M helps us in terms of – while it does help also on the margin, but what is important is it also helps us on the cash flow part of it. So, we'll like to strike a good balance between both, which will help our business in terms of growing.

Abhishek:

That is helpful. If I can ask a follow-up to Venu. If I look at the transaction price data that you've shared, that number as a percentage of exit revenue, it's almost doubled now. It's almost 52% versus 29% at the end of Q4FY21. Does that mean that our visibility is substantially better, at least for the next 12 months? That is one. And second, Vinit, so conversely, we have been able to maintain margins despite a drop in FPP. Would that mean that, once these short contracts become FPP, when you highlight it, that gives you an additional lever for margins for FY23?

Venu Lambu:

On the first question, with regard to long term visibility, it's very difficult to comment or give any steer on that for something which is 3-4 quarters down the line. But our endeavor is, one - how can we increase our book to bill ratio, how can we increase faster revenue realization against the order that gets booked, especially in the context that in the near term, we have a healthy pipeline. So, that should give you a color in terms of how we see it in the near term. But, anything 12 months, I guess, it's very difficult to comment or predict.

Vinit Teredesai:

See, in theory yes, fixed price contracts, as I said, does help us in terms of getting some margin leverage, but it all depends upon when and what time it comes in. But, in theory yes, what you're saying is right. Your assumption is right.

- Abhishek:** Thank you for taking my questions. Best wishes.
- Moderator:** Thank you. We'll take the last question from Apurva Prasad.
- Apurva Prasad:** Good evening. I hope I'm audible.
- Moderator:** Yes.
- Apurva Prasad:** Thanks. So, DC and Venu, you touched upon this part. But I just, sort of, wanted to get your thoughts on the short cycle deals, especially in the economic uncertainly environment. Do you see a bigger impact on the discretionary side of the spend, particularly on the customer success area? And, a part of this is probably going to get reflected in the TCV. It looks like the correlation is not as strong as earlier. So, do you see that correlation between TCV and growth breaking because of the short cycle deals?
- Debashis Chatterjee:** Let me take a stab at it. As Venu explained, when you go on a journey of digital transformation, there will be short cycle deals, but you eventually work with the client and the client has a vision and you cannot leave it halfway. What happens in a typical TCV deal is - sign up as a managed services for 3-5 years, and you have a visibility in terms of what is the revenue that can come. But, in a typical short cycle deal, once you are chosen as a digital partner for the client in terms of their digital transformation, you may be seeing the short cycle deals. But if you add 2-3 years of work that we do, it kind of translates to kind of a TCV which you did not have a view of earlier, but you have a view over a period of time. So, that's one thing which we need to keep in mind. And we watch this space very closely, and we are working with our clients also very closely. So, if there are scenarios where things do change, I think things may slow down a little bit, but that also might help in terms of getting some managed services constructs. Because clients may be again getting into the cost pressure. So, I guess what Venu was articulating and what we watch very closely, is that we need to play in both the areas. One is, how do you help in terms of making client maximize their revenues by participating in some of the transformation deals. And at the same time, we also need to keep an eye in terms of, can you participate in more managed services constructs which may be more tenured, maybe multi-year opportunities, but which will also be an efficiency play for the client. We are capable of playing in both these areas and that's where we want to leverage and that's where we need to make sure that we balance it out clearly. Does that answer your question?
- Apurva Prasad:** Yeah, that's helpful DC. And just finally, you spoke about the full-stack accounts building, focusing on that, and the product development expanding to enterprise IT scope. Any metrics that you can share around this and how this is progressing? And finally, on the top 6 to 10 client bucket declines, how should we read that?
- Debashis Chatterjee:** Well, the first thing is, as far as our strategy is concerned, we have very clearly laid out that we want to restrict ourselves to a focused set of clients and do more cross-sell and upsell. I

think, that is reflected in the fact that 90% of our revenues, 1.2 billion out of overall 1.41 billion, has come from Focus 100 accounts. Which means that, our mining strategy, cross-selling and upselling, all these things are working well, and we'll continue to rationalize the long tail as we go along. What was your second question, Apurva?

Apurva Prasad: 6 to 10, DC.

Debashish Chatterjee: We can say 6 to 10, we can say 2 to 10, but I would say, let's look at overall 2 to 10 or look at 2 to 20. Take the top 20 accounts, excluding the top account. That grew year-on-year 40.5% vis-à-vis Mindtree's overall growth of 33%. Which again means that, if the 2 to 20 accounts have grown 40%, then the account mining is working. The 2 to 10 grew around 34% year-on-year which is again higher than 33%. So, if I just look at the top accounts, and leave aside the top account, our endeavor is to make sure that the next set of accounts grow faster than the top account, and grows faster than the overall company average, which is what is working out fairly well. And again, the client concentration also has come down. I think the top account now is 25%, which was around 28-29% a year back.

Apurva Prasad: Alright, thanks for that and all the best!

Moderator: Thank you. I would now like to hand the conference back to Mr. Vinay Kalingara.

Vinay Kalingara: On behalf of the management, thank you all for joining this call and for your continued support. You may now disconnect your lines. Thank you.

Moderator: Thank you. On behalf of Mindtree Ltd, that concludes this conference. Thank you for joining us, and you may now exit the call.