

Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Shareholder report

Second quarter ended September 30, 2022

October 15, 2022

Dear Shareholder,

We are pleased to report yet another quarter of robust performance to round off the first half of the year on a solid note.

For the quarter, our revenues were USD 422.1 million, up 7.2% sequentially in constant currency and 5.7% in dollar terms. This was our seventh consecutive quarter of more than 5% growth in constant currency. In line with our goal of profitable growth, we delivered a healthy EBITDA margin of 21% despite having completed our full wage hike cycle during the quarter, as planned. This was our eighth consecutive quarter of more than 20% EBITDA margin. PAT margin for the quarter was 15%, and EPS was INR 30.8. The absolute PAT this quarter was INR 508 crores, crossing the INR 500 crores mark for the first time. Our order book, comprising a healthy mix of annuity and transformational deals, stood at USD 518 million, up 44% year-over-year. I am particularly pleased to report that our H1 signings crossed USD 1 billion for the first time in our history.

Our strong performance this quarter reaffirms our relevance to our clients across the dual objective of revenue maximization and cost optimization. Our ability to help our clients address their long-term strategic imperatives will receive further impetus with the coming together of Mindtree and LTI into a scaled up, more efficient LTIMindtree that will operate with a larger, more comprehensive portfolio of global clients, capabilities, verticals, and markets.

Subject to regulatory approvals, this could well be our last communication as Mindtree. We would like to take this opportunity to thank you for your support and continued trust, and we look forward to your support in the next phase of our growth journey as LTIMindtree.

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

Warm regards,



Debashis Chatterjee
Chief Executive Officer and Managing Director



Vinit Teredesai
Chief Financial Officer



Key financial highlights:**Quarter ended September 30, 2022**

- In USD:
 - Revenue was \$422.1 million (growth of 5.7% q-o-q / 20.6% y-o-y)
 - Net profit was \$63.1 million (growth of 4.6% q-o-q / 16.9% y-o-y)
- In INR:
 - Revenue was ₹34,004 million (growth of 8.9% q-o-q / 31.5% y-o-y)
 - Net profit was ₹5,087 million (growth of 7.9% q-o-q / 27.5% y-o-y)

Other highlights:

- Clients:
 - 276 active clients as of September 30, 2022
 - \$1 million+ clients increased by 15, total 160
 - \$5 million+ clients increased by 3, total 61
- People:
 - 38,290 professionals as of September 30, 2022
 - Trailing 12 months attrition was 24.1%
- Some key deals won in Q2 FY23:
 - A leading financial institution in Europe selected Mindtree as its sole technology partner to accelerate digital transformation spanning data, process, and technology over the next four years.
 - A Swedish security products company selected Mindtree as its primary IT partner and signed a five-year managed services deal, as part of which, Mindtree will deliver global cloud and digital workplace transformation services to drive digitalization and standardization across the company.
 - A leading digital marketing and loyalty management company selected Mindtree for a multiyear deal involving application support, testing, and infrastructure management services across its customer-facing and enterprise applications for improving business agility, responsiveness, and outcomes.
 - A leading European travel technology company selected Mindtree as a preferred partner to support and execute its transformation program, and provide managed services encompassing end-to-end customer applications built using more than ten technologies.
 - A leading hyperscaler selected Mindtree to provide multiyear managed cloud infrastructure and cybersecurity services globally.
 - A global vacation experiences company selected Mindtree as a strategic partner for its transformation program aimed at driving competitive differentiation in the leisure travel marketplace. As part of this multiyear engagement, Mindtree is implementing an integrated CRM platform that the company's marketing, sales, and services organizations can leverage globally.

- A global asset manager selected Mindtree as its preferred IT partner for a multiyear application maintenance and support program to help it drive business transformation and optimization by leveraging Mindtree's extensive experience of working with the world's top asset management organizations.
- A leading multinational pharmaceutical and biotechnology company selected Mindtree as its innovation partner of choice to support its metaverse program.

- Recognitions:
 - Named a Leader in the U.S. in ISG Provider Lens™ report on Google Cloud Partner Ecosystem 2022 for Implementation and Integration Services, Data Analytics, and Machine Learning; also named a Rising Star in the U.S. for Managed Services and SAP Workloads.
 - Named a Major Contender in Everest Group's Industry 4.0 Services PEAK Matrix® Assessment 2022.
 - Named a Major Contender in Everest Group's System Integration (SI) Capabilities on Microsoft Azure Services PEAK Matrix® Assessment 2022.
 - Named a Major Contender in Everest Group's Connected Medical Devices Services PEAK Matrix® Assessment 2022.
 - Named a Major Contender in Everest Group's Multi-Cloud Application Development Services PEAK Matrix® Assessment 2022.
 - Named a Star Performer and a Major Contender in Everest Group's Data and Analytics (D&A) Services PEAK Matrix® Assessment 2022.
 - Named a Major Contender in Everest Group's Industry 4.0 Services PEAK Matrix® Assessment 2022.
 - Named a Major Contender in Everest Group's Adobe Services PEAK Matrix® Assessment 2022.
 - Won two Brandon Hall Group Human Capital Management Excellence Awards 2022 for best social talent acquisition strategy and best advance in managing a remote workforce.
 - Certified as a Great Place to Work® in India for the second consecutive year for building a High-Trust, High-Performance Culture™
 - Named by Great Place to Work® Institute as one of India's Best Workplaces™ for Women for the second consecutive year
 - Honored with the Women in Sustainability Award at the ESG World Summit and GRIT Awards 2022 in Singapore

Extract of the Audited Consolidated Financial Results for the Quarter and Six Months Ended September 30, 2022
(₹ in millions, except per share data)

Particulars	Quarter ended			Six months ended		Year ended
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
Revenue from operations	34,004	31,211	25,862	65,215	48,779	1,05,253
Other income, net	486	395	748	831	1,466	3,073
Total income	34,490	31,606	26,610	66,046	50,245	1,08,326
Expenses						
Employee benefits expense	20,474	18,536	15,644	39,010	29,317	63,278
Sub-contractor charges	3,418	2,995	2,747	6,413	5,335	10,788
Finance costs	135	122	125	257	254	502
Depreciation and amortisation expenses	651	599	610	1,250	1,192	2,420
Other expenses	3,145	3,099	2,164	6,194	4,175	9,231
Total expenses	27,823	25,351	21,290	53,124	40,273	86,219
Profit before tax	6,667	6,255	5,320	12,922	9,972	22,107
Tax expense						
Current tax	1,575	1,668	1,387	3,243	2,636	5,546
Deferred tax	5	(129)	(56)	(124)	(87)	32
Net profit for the period	5,087	4,716	3,989	9,803	7,423	16,529
Other comprehensive income:						
A. (i) Items that will not be reclassified to profit or loss	31	70	41	101	69	107
(ii) Income tax relating to items that will not be reclassified to profit or loss	(11)	(14)	(10)	(25)	(16)	(24)
B. (i) Items that will be reclassified to profit or loss	(2,165)	(3,212)	876	(5,377)	796	1,373
(ii) Income tax relating to items that will be reclassified to profit or loss	545	1,146	(306)	1,691	(278)	(480)
Total other comprehensive income / (loss)	(1,600)	(2,010)	601	(3,610)	571	976
Total comprehensive income for the period	3,487	2,706	4,590	6,193	7,994	17,505
Paid up equity share capital (face value Rs.10 each)	1,649	1,648	1,648	1,649	1,648	1,648
Reserves	55,036	55,888	44,944	55,036	44,944	53,091
Earnings per share (EPS) (refer note 6):						
Basic EPS (Rs.)	30.86	28.61	24.21	59.46	45.06	100.31
Diluted EPS (Rs.)	30.83	28.57	24.19	59.41	45.03	100.25

AUDITED SEGMENT REVENUE AND RESULTS
Rs in million

Particulars	Quarter ended			Six months ended		Year ended
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
Segment revenue						
Retail, CPG and Manufacturing	6,341	6,195	6,566	12,536	11,625	24,859
Banking, Financial Services and Insurance	6,590	5,804	4,536	12,394	8,698	18,764
Communications, Media and Technology	14,790	13,759	10,995	28,549	21,415	45,818
Travel, Transportation and Hospitality	5,399	4,815	3,489	10,214	6,542	14,524
Healthcare	884	638	276	1,522	499	1,288
Total	34,004	31,211	25,862	65,215	48,779	1,05,253
Segment results						
Retail, CPG and Manufacturing	740	828	1,140	1,568	1,690	3,785
Banking, Financial Services and Insurance	1,213	1,045	921	2,258	1,823	3,638
Communications, Media and Technology	3,900	3,680	2,454	7,580	5,004	11,276
Travel, Transportation and Hospitality	1,226	982	766	2,208	1,348	3,122
Healthcare	78	46	26	124	87	135
Total	7,157	6,581	5,307	13,738	9,952	21,956
Unallocable						
Expenses	841	599	610	1,390	1,192	2,420
Finance costs	135	122	125	257	254	502
Other income	486	395	748	831	1,466	3,073
Profit before tax	6,667	6,255	5,320	12,922	9,972	22,107

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) and Healthcare (HCARE). 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

(₹ million)	Q2 FY22	Q1 FY23	Q2 FY23	Growth (%)	
				Q-o-Q	Y-o-Y
Revenue	25,862	31,211	34,004	8.9%	31.5%
EBITDA	5,307	6,581	7,157	8.8%	34.9%
EBIT	4,697	5,982	6,506	8.8%	38.5%
PAT	3,989	4,716	5,087	7.9%	27.5%
Diluted EPS (Rs.)	24.2	28.6	30.8	7.9%	27.4%

(\$ million)	Q2 FY22	Q1 FY23	Q2 FY23	Growth (%)	
				Q-o-Q	Y-o-Y
Revenue	350.1	399.3	422.1	5.7%	20.6%
EBITDA	71.8	84.2	88.8	5.5%	23.7%
EBIT	63.6	76.5	80.8	5.5%	27.0%
PAT	54.0	60.3	63.1	4.6%	16.9%

Cash Flow (₹ million)	Q2 FY22	Q1 FY23	Q2 FY23
Free Cash flow	2,791	3,997	2,776
Cash and Investments	27,940	39,466	37,900

Key Ratios

Key Ratios	Q2 FY22	Q1 FY23	Q2 FY23
EBITDA Margin (%)	20.5%	21.1%	21.0%
EBIT Margin (%)	18.2%	19.2%	19.1%
Effective Tax Rate (%)	25.0%	24.6%	23.7%
PAT Margin (%)	15.4%	15.1%	15.0%
ROCE (%)	41.7%	41.3%	43.1%
ROE (%)	34.2%	33.6%	35.6%
DSO (Days)	63	50	50

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). This report is for information purposes. Investors should rely on their own analysis while taking investment decisions and not rely on this report alone.

In the spirit of sensitivity towards the environment we are circulating this over email to shareholders who have updated their e-mail addresses with the depository participant. Please update your email addresses with your depository participant.

For more information, please contact investors@mindtree.com

Safe harbor

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause our actual results to differ materially from those in such forward-looking statements. The conditions caused by the COVID-19 pandemic could decrease customer's technology spending, affecting demand for our services, delaying prospective customers' purchasing decisions, and impacting our ability to provide on-site consulting services; all of which could adversely affect our future revenue, margin and overall financial performance. Our operations may also be negatively affected by a range of external factors related to the COVID-19 pandemic that are not within our control. We do not undertake to update any forward-looking statement that may be made from time to time by us or on our behalf.

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