

# Management Discussion and Analysis

## Company overview

Mindtree is a global technology consulting and services company, helping enterprises marry scale with agility to achieve competitive advantage. 'Born digital' in 1999, and now a Larsen & Toubro Group company, Mindtree applies its deep domain knowledge to break down silos, make sense of digital complexity and bring new initiatives to the market, faster.



We enable IT to move at the speed of business, leveraging emerging technologies and the efficiencies of continuous delivery to spur business innovation. Operating in 24 countries worldwide, we are consistently regarded as one of the best places to work, embodied every day by our winning culture made up of over 23,000 entrepreneurial, collaborative and dedicated 'Mindtree Minds'.

### Quick facts

Active clients

**270**

Revenue

**\$1 Billion+**

Mindtree Minds across the globe

**23,000+**

Countries worldwide

**24**

## Economy review

### Global

The coronavirus pandemic continued to wreak havoc on world economies through 2020. Some green shoots of recovery started becoming visible with the vaccination drive. However, the optimism has been marred by the emergence of more virulent strains and resurgence in infection rate. That said, technology has become a lifeline for continuity and progress, with the pandemic changing the way we work, learn, shop, and interact. It has spurred game-changing digital shifts. Governments moved quickly, using mobile solutions to provide cash assistance; financial technology has helped the growth, and in some cases, even the survival of small- and medium-sized businesses.

The International Monetary Fund (IMF), in its January 2021 World Economic Outlook, projects the global economy to grow by 5.5% in 2021 and 4.4% in 2022, which was revised up by 0.3% point relative to the previous forecast, reflecting expectations of a vaccine-powered recovery and additional policy support in a few large economies. The softening in early 2021 is expected to give way to rising momentum in the second quarter as vaccines and therapies become more readily available, allowing contact-intensive activity to strengthen.

However, surging infections in late 2020 (including from new variants of the virus), renewed lockdowns, logistical issues related to vaccine distribution, and uncertainty about uptake are important counterpoints to the favorable view.

### Global growth forecast (%)

Particulars	Actual	Projections	
	2020	2021	2022
World Output	-3.5	5.5	4.2
Advanced Economies	-4.9	4.3	3.1
US	-3.4	5.1	2.5
Eurozone	-7.2	4.2	3.6
Japan	-5.1	3.1	2.4
UK	-10.0	4.5	5.0
Other Advanced Economies	-2.5	3.6	3.1
Emerging Markets and Developing Economies	-2.4	6.3	5.0
China	2.3	8.1	5.6
India	-8.0	11.5	6.8

Source: IMF

According to the Congressional Budget Office (CBO), US GDP is expected to grow 3.7% in 2021 after a degrowth of 2.5% in 2020. The unemployment rate is likely to gradually decline through 2026, and employment numbers are expected to return to their pre-pandemic level in 2024. The economy would continue to strengthen over the next five years, assuming the current laws governing federal taxes and spending largely remain in place and that no significant additional emergency funding or aid is provided. As vaccination picks up and consumer sentiment improves, pent-up demand (and budget) for travel, leisure consumption, and recreation services could grow quickly in 2021. The \$1.9 Trillion COVID-19 relief bill passed in the parliament is expected to significantly help the economic growth and sustenance.

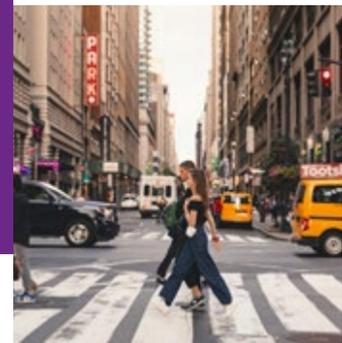
According to the European Commission Winter 2021 economic forecast, the euro area economy is expected to grow by 3.8% in both 2021 and 2022.

After strong growth in the third quarter of 2020, economic activity contracted again in the fourth quarter of 2020 and in the first quarter of 2021 as a second wave of the pandemic triggered renewed containment measures. Economic growth is set to resume in the spring and gather momentum in the summer as vaccination programs progress and containment measures gradually ease. According to the Commission's forecast, inflation in the Euro area is set to increase from 0.3% in 2020 to 1.4% in 2021, before moderating slightly to 1.3% in 2022. However, the new lockdowns that are being instituted in various regions across Europe and the slower-than-expected vaccination rates are key risks to this forecast.



The UK is expected to grow at 4.5% in 2021, after contracting by 10% in 2020. A rapid roll-out of the vaccine is expected to facilitate relatively strong growth from Q2 onward, with Brexit-related trade frictions expected to ease from the second half of 2021. Government interventions and in particular, the Job Retention Scheme should help keep unemployment relatively low considering the magnitude of the shock to the economy. Most of the recent data for Q1 have been better than forecast and much stronger, showing the ability of businesses and consumers to adapt.

Emerging markets and developing economies are also projected to trace diverging recovery paths. Considerable differentiation is expected between China and other economies. The pandemic is expected to reverse the progress made in poverty reduction across the past two decades. Close to 90 Million people are likely to fall below the extreme poverty threshold during 2020–21.



**Outlook**

Recovery in global growth will largely be a function of how countries contain the pandemic and bounce back from its negative impact. Several countries have approved vaccines and are distributing them in a phased manner. Access to medical intervention, effectiveness of monetary policy support, exposure to cross-country spillovers are important factors that will drive the recovery.



**India**

India's economic output is expected to have declined by around 8% Y-o-Y in FY21, the biggest contraction since 1952. Even before the pandemic set in, India's GDP growth had slowed to a more than ten-year low of 4.2% in 2019, from 6.1% the previous year and 8.3% recorded in 2016. With the onset of the pandemic, the government focused on saving lives by imposing a nationwide lockdown that brought economic activities, barring a few essential services, to a standstill. Subsequently, to stabilize the economy and provide relief to the economically vulnerable sections, the Government of India announced a variety of measures, from food security and extra funds for healthcare and for the states, to sector-related incentives and tax deadline extensions. On March 26, 2020, a number of economic relief measures for the poor were announced totaling over ₹ 170,000 Crore (\$24 Billion). The next day the Reserve Bank of India (RBI) announced a number of measures which would make available ₹ 374,000 Crore (\$52 Billion) to the country's financial system. On May 12, 2020, the Prime Minister announced an overall

economic stimulus package worth ₹ 20 Lakh Crore (\$280 Billion), 10% of India's GDP. On October 12, 2020 and November 12, 2020, the government announced two more economic stimulus packages, taking the total relief and stimulus package to ₹ 29.87 Lakh Crore (\$420 Billion).

The Indian economy is showing early signs of a broad V-shaped recovery, owing to the large public stimulus spends, revival of consumer confidence, robust financial markets and an uptick in manufacturing activity. Income levels and livelihood opportunities are expected to further improve in FY22, as economic recovery gathers pace and vaccine administration progresses. The Indian government has undertaken a slew of reforms, including labor reforms, corporate tax cuts and production linked incentives (PLIs) to steer the recovery. However, key factors that will drive this rebound include normal monsoons, success in averting a full-fledged second wave of COVID-19, and discretionary spending staying unaffected by cost pressures, particularly those stemming from high retail prices of petrol and diesel.

**Outlook**

Going ahead, accelerating global recovery, ample liquidity/low rates should aid activity. However, the second wave of the pandemic, rising input prices, MSME stress and weak labor market are some of the headwinds which should be taken into consideration. A combination of policy reforms, initiatives and digitization should continue to boost the Indian economy onto a higher growth trajectory. Amid this situation, it is crucial that monetary/ fiscal policy support continues. The RBI is committed to keeping rates well anchored, but the government too needs to continue spending. The increase in international commodity prices and recurrence of global financial market volatility accentuate the downside risks. The upside, however, comes from (i) the vaccination program being sped up and increasingly extended to the wider segments of the population; (ii) the gradual release of pent-up demand; and (iii) the investment-enhancing and growth-supportive reform measures taken by the government. In the Governor's statement on April 7, 2021, the RBI has retained the projection for real GDP growth at 10.5% in 2021-22. The IMF projects India's growth rate at 12.5% in FY22.

**RBI projects India's real GDP growth in 2021-22**

**10.5%**



**Industry review**

The Indian IT industry accounted for 18.5% of the total global IT spend in FY20. For FY21, India's technology industry is expected to grow by 2.3% to touch \$194 Billion (excluding e-commerce). Indian technology industry contributes ~8% share to the national GDP, with a 52% share of services exports, and a 50% share in total FDI (based on FDI inflows for the period April to September 2020).

Testifying to its growth, despite the downturn, the Indian tech industry continues to be a net hirer with significant focus on digital upskilling. The industry is expected to add over 138,000 net new hires in FY21, taking the total employee base to 4.47 Million. Digital talent pool is expected to cross 1.17 Million, growing at 32% over last year.

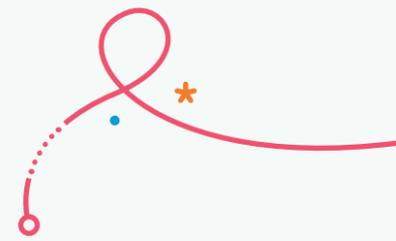
Interestingly, as the industry looks at leaner structures with more flexibility and faster adoption of cloud-based products and services in FY21, 60% of the industry CEOs expect larger digitization deals in 2021, with investments likely to recover in core sectors including BFSI, Retail and Manufacturing. 67% of CEOs polled in a NASSCOM 2021 CEO Survey expect the Indian tech sector to grow significantly higher in FY21 as compared to FY20.

**India's digital talent pool in FY21**

**1.17 Million+**

**Indian IT industry's contribution to global IT spend in FY20**

**18.5%**



## Business review



For FY21, our USD revenue stood at \$1,077 Million, up 0.5% in constant currency, and INR revenue stood at ₹ 79,678 Million up 2.6%. Our net profit stood at ₹ 11,105 Million, up 76%. The strong financial performance amidst the COVID-19 pandemic is a reflection of our commitment to deliver superior client satisfaction and provide consistent and competitive profitable growth to our investors and all other stakeholders.

### Strengths & opportunities

#### Digital engineering services

Organizations across industry verticals are striving to be nimble and agile to respond to fast-paced changes in the environment they operate in. Most of them are competing with digital natives and accelerating the transformation of their core to enable technology-led business innovation. Additionally, new emerging technologies present a significant opportunity to drive innovation in all aspects of building and designing products, engaging customers through contextual experiences, managing enterprise processes and even pivoting to new business models.

Mindtree works with its customers in driving this transformation through Digital Engineering Services, enabling a shift from Enterprise IT to a Product IT Operating Model. Our approach brings together a unique integrated approach across Agile, DevSecOps, Automation and Program management to deliver success for our clients. Our work includes enabling comprehensive change for customers across the organization structure, culture and ways of working that value customer obsession, agility and a growth mindset above all.

We have developed an integrated Digital Engineering toolkit which brings together an Agile journey matrix, DevSecOps solution accelerators, a hyper-automation maturity

improvement approach coupled with a bot library, a Program Management Body of Knowledge and a value stream management and our automation platform, Mindtree CAPE. These capabilities are delivered in unison and have helped our customers accelerate their time-to-market, improve resilience and optimize costs.

#### Immersive experiences

A sharp focus on customer experience, utilizing disruptive technologies to enhance and, in some cases, replace the physical interactions that we have been so used to, will be the foundation of the post-pandemic world. Mindtree has always been at the forefront of digital transformation for its customers and with the launch of our 'Immersive Aurora', where we bring together emerging technologies with legacy, we continue to expand horizons and create new possibilities for our clients.



- **VIRTUAL MARKETPLACES**  
Creates future e-commerce journeys enabling personalized virtual walkthroughs of stores using avatars, alongside helper avatars (virtual salespersons) guiding the purchase
- **AR TWIN**  
Combined with AI and IoT, will allow brands to not only monitor but also predict downtime and issues proactively
- **AR REMOTE SUPPORT**  
Will enable experts to guide on-field agents or even end-users remotely through complex tasks, thereby minimizing onsite presence or physical interactions
- **IMMERSIVE TRAINING**  
To enable enterprise to provide self-paced, avatar-guided, interactive trainings in the language of their choice; AR/VR, conversational AI merged with virtual simulations bring this to life
- **COGNITIVE CONTACT CENTRE**  
To cater to increasing call volumes, deploying a mix of voice (Smart IVR), non-voice (Chatbot) and visual (AR/VR/AI)-based bots; this enables enterprises to cater to increased demands effectively and efficiently

#### Core modernization and cloud migration

As the events of last year unfolded amid uncertainty, businesses have learnt the significance of being lean and nimble, while also preparing to seize growth opportunities quickly. In this journey, core modernization and cloud play foundation roles. Businesses are adopting cloud to fulfill the following objectives:

- **RE-DEFINING BUSINESS** to grow revenue, introduce new business models, increase wallet share and achieve faster time-to-market
- **RE-IMAGINING BUSINESS** by focusing on customer retention and revenue sustenance by focusing on value-led engagement through enhanced experience business to improve profitability by curtailing operating cost

Our approach to deliver value on clients' cloud investments are focused on delivering value across the cloud lifecycle from consulting to migration and operations. The cloud is prominent across all our service lines. Our ability to effectively collaborate across these service lines is what helps us to execute large transformational projects efficiently. We have built a robust platform-led operating model leveraging bots. Key strengths and highlights include:

- **COMPREHENSIVE MIGRATION PROCESS:** Our cloud transformation engagements involve assessing applications holistically before migrating, and redesigning workloads to leverage both IaaS and PaaS solutions. We use our continuous testing and DevOps capabilities, application monitoring, real-time analytics and automated troubleshooting to improve application performance, availability, and security
- **AUTOMATION FOCUSED:** Through our migration factory-led assessment, most of the processes are automated to speed up the entire process

- **CLOUD CENTRE OF EXCELLENCE:** We have built a cloud center of excellence where several architects and subject matter experts from Mindtree and the clients' organizations work together to streamline the entire cloud migration experience and enable a robust support system for the new environment

#### Our key accelerators and IPs include:

- **MINIMUM VIABLE CLOUD (MVC)**  
A cloud application management framework designed to accelerate development and deployment of cloud applications, which enables faster 'go to cloud' while lowering Total Cost of Ownership (TCO). MVC is a combination of methodologies, a framework of patterns, and a solution accelerator which is based on 12 Factor App principles. It decreases time to value by introducing repeatability and also reduces the number of technologies and tools that need to be maintained
- **CLOUD MANAGEMENT PLATFORM**  
MWatch is Mindtree's proprietary cloud management platform with strong integration capabilities and functionality of IT service management, monitoring, application performance management and log analytics providing integrated cloud operations and governance. It also facilitates easy accessibility and visibility of the entire IT landscape through a single pane of glass

#### Next-generation platforms

At Mindtree, we are investing in next generation platforms to bring in modernization and efficiency to our delivery. Our aim is to achieve platform unification, a system that combines engineering, project management and governance capabilities in a seamless, unified manner. We are creating a hyper-personalized digital ecosystem that contextually brings together all our enterprise systems in a composable environment. Every Mindtree Mind will have their own digital space that is personalized to their need and the

projects they are engaged in. Every leader will be able to get contextualized metrics to enable data-driven decision making and governance. Every project will have access to an engineering environment, with all the necessary tools, platforms, and servers.

All these investments in next generation platforms not only enable us to efficiently cater to our client needs, but also gives us the opportunity to digitally transform their businesses. During this journey, we also ensure that the systems we create are resilient and bring in the highest level of security. We will continue to invest in future-ready talent, build differentiating intellectual properties, so that we are positioned well to continue to cater to the ever-evolving business dynamics.

#### Pervasive AI and applied intelligence

Customers continue to invest in digital transformation, along with capturing, organizing and gaining intelligence from data. The ubiquitous availability of networking and data has fueled augmented and automated decision-making using advanced Machine Learning (ML) and Artificial Intelligence (AI) models with a focus towards for process re-imagination.

In marketing, for example, organizations have shifted to data-driven marketing so that consumer acquisition cost, campaign effectiveness, customer lifetime value, Net Promoter Score and customer loyalty can be all linked, measured and monitored at an enterprise scale. Mindtree has invested in a tool called, **Decision Moments for Marketers**, which has a Consumer Analytics Framework, prebuilt Consumer Data Model and out-of-the-box AI and ML models across the value chain. This has been further strengthened with partnerships with consumer platforms of leaders like Adobe and Salesforce.

Similarly, in focused domain areas like CPG, we leverage platforms like **Apex**, which contain the domain data model, pre-built AI/ML models for channel

excellence, optimizing stocks, maximizing must-sell and cross-sell features, to name a few.

In addition, we are constantly looking at AI applications across industries and process areas. Some of our work include:

- **AI-DRIVEN AUTO-QUOTATION SYSTEM**, which significantly reduces salesmen's time and effort to generate sales quotations, enabling more focus on product sales
- Extend the brand promise using **VISION ANALYTICS** to better enable sales representatives to guide prospective customers on beauty and healthcare requirements on the shop floor
- **VIRTUAL ASSISTANTS** to aid in initial customer interaction through seamless natural language experience, be it in conversations or smart Q&A, helping personalize interactions and improve agent productivity

These use cases are powered by Mindtree AI platforms which cut down time for training, data generation and time to value.

We are keenly focused on bringing in the right mix of human and machine intelligence to work collaboratively so that organizations can maximize business value of insights, while reducing cost and time to insight.

### Automation

In our pursuit to make automation all-pervasive across the organization, we have implemented the practice of automation maturity model assessments for all our client projects. In the process, we are establishing a standard for automation maturity assessment in the industry and have defined a five-point scale to assess the maturity level spanning task level automation to predictive and adaptive automation. This assessment has been institutionalized across the organization at an industrial scale, with a defined methodology and tools, assisted by automation consultants. This is a continuous process to track and assess the progress each team is making. With the next generation platforms that we are developing, every team will have access to all the necessary tools to achieve automation excellence.

## Alliances and partnerships

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



### Our key partner relationships



As a Microsoft Gold Cloud Partner, we leverage our close Microsoft partnership to deliver digital transformation services our clients need to succeed in a cloud-first world. We have been recognized as a Microsoft Azure Expert Managed Service Provider (MSP), signifying our expertise in cloud services, assuring Microsoft customers that they are working with a trusted partner for the support of Azure implementations. We have achieved Microsoft Gold competency in DevOps which enables us to leverage powerful and exclusive go-to-market offers and programs. Our Azure managed CloudOps includes built-in disaster recovery and provides support for customers from assessment through validation. We have also invested significant resources and efforts in developing an integrated IT infrastructure management and service platform, MWatch, for automation and orchestration of Azure environments. We recently announced the launch of a dedicated Microsoft go-to-market business unit centered on building new solutions based on Microsoft platforms and technologies, as well as developing the next generation of talent across the Mindtree organization globally. As a part of this, we will expand our

## RCH PREMIUM

Global Azure Experience Center in Redmond and leverage our Microsoft Excellence Academy to ensure our technical professionals are proficient and certified on Microsoft Azure technologies.



As a Salesforce Platinum partner, we tap into the transformational potential of Salesforce to change the way you do business through Magnet360, our Salesforce practice. Our core Salesforce expertise in implementing and integrating Salesforce's sale, service cloud, marketing automation solutions in conjunction with Salesforce Community Cloud help clients connect with their customers at the right time. We also have Salesforce-related expertise in:

- B2B/B2Commerce commerce solutions
- Salesforce industry cloud solutions
- AppExchange product development
- Heroku platform application development
- Cloud-based social listening solutions

Our Munich Center of Excellence (CoE) spans the full range of the Salesforce Customer Success Platform, including Sales Cloud, Service Cloud and Community Cloud. The center provides Europe-based clients with end-to-end Salesforce consulting, development, delivery and support.



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

approach to transform businesses. Mindtree is a partner in:

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



As a Platinum-level Business Partner, we are committed to helping brands deliver contextual and personalized experiences. Our partnership with Adobe brings together a full suite of customer experience transformation services to accelerate our clients' digital transformation journey. We bring domain experience, expertise in Adobe experience cloud and capability to scale globally. Together, we help our clients drive faster conversions and increase customer lifetime value.



Mindtree is a Premier Google Partner for Google Cloud Platform (GCP) and offer our clients a complete spectrum of Google Cloud services that include big data services, cloud migration and transformation, application development, data science, artificial intelligence, and machine learning. We recently achieved the Google Cloud Partner specialization in application development. This specialization highlights our expertise and success in building customer solutions in application development using Google Cloud technology. In addition, we are empaneled with Google's 'Professional Services Organization' (PSO), underscoring our ability to deliver end-to-end projects to clients. We are also part of the Google Cloud Partner Advantage Program, designed to provide Google Cloud customers with qualified partners that have demonstrated technical proficiency and proven success in specialized solution and service areas.



Mindtree and SAP have been strategic partners since 2008. Today, the relationship is even stronger due to Mindtree's 2015 acquisition of Bluefin

Solutions, a Gold Partner and considered one of SAP's go-to HANA innovation partners. Mindtree's Bluefin deploys cutting-edge enterprise solutions around the world. We are currently the only integrated service provider in the world with expertise on the SAP HANA platform across all three major public cloud platforms: Amazon Web Services, Microsoft Azure and Google Cloud. Mindtree is also one of a handful of Lighthouse Partners, which lets us offer customers SAP's re-imagined enterprise resource planning solution, SAP S/4HANA via the public cloud. Our SAP Centers of Excellence (CoE) cover seven areas:

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

### servicenow

Mindtree's strategic partnership with ServiceNow spans programs like Sales, Services, Service Provider and Technology Partner Program. Other than ITSM, our ServiceNow Practice will focus on other platform capabilities like ITOM, IRM, SecOps, ITBM, HRSD, CSM and custom application development. Our focus is to build business solutions IPs on the ServiceNow platform and take it to market through the App Store and OEM model. We have also invested in the multi-tenant platform to provide solutions through the shared MSP program.

## Customer focus

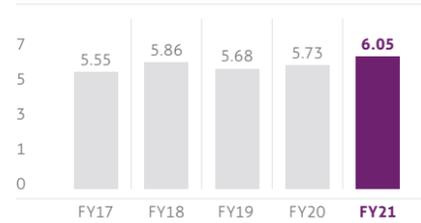
Customer satisfaction is one of the key performance indicators in a typical services industry. At Mindtree, we give utmost importance to our client relationships and strive to provide the best business and technical solutions to forge lasting relationships.

We regularly gather customer feedback through quarterly Project Feedback Survey (PFS) and annual Customer Experience Survey

(CES), which helps in monitoring account health and interest, and provides us the opportunity to understand how we can improve our services. The feedback, across all spheres of engagement, provides us key insights to understand our client partnerships, best practices and strive to become even better partners.

We have stayed strong to our core values of Collaborative Spirit, Unrelenting Dedication, and Expert Thinking even in times of turmoil and remained flexible to best partner with our clients as they navigated the uncertain environment. Our excellent results across all facets of the CES, which were one of our highest ever, across both response and rating, are a clear evidence of the dedicated efforts of our teams and our disciplined execution.

**Satisfaction**



**Loyalty**



**Advocacy**



**Value for money**



**Strategy**

Our strategy is to deliver unmatched services to our clients through deep domain knowledge and technical expertise. In FY20, we looked at the buying patterns of our clients and accordingly created the nomenclature and realigned our focus areas into what we call the 4x4x4 – 4 Industry Groups, 4 Service Lines and 4 Geography Clusters. This helps us sharpen focus, capabilities and solution offerings, and create a differentiated value proposition. It also helps clients consume our services seamlessly and provides us opportunities to cross-sell and up-sell more effectively. We believe focusing on these areas will enable us to attain market leadership in our identified business segments.



Customer satisfaction survey score

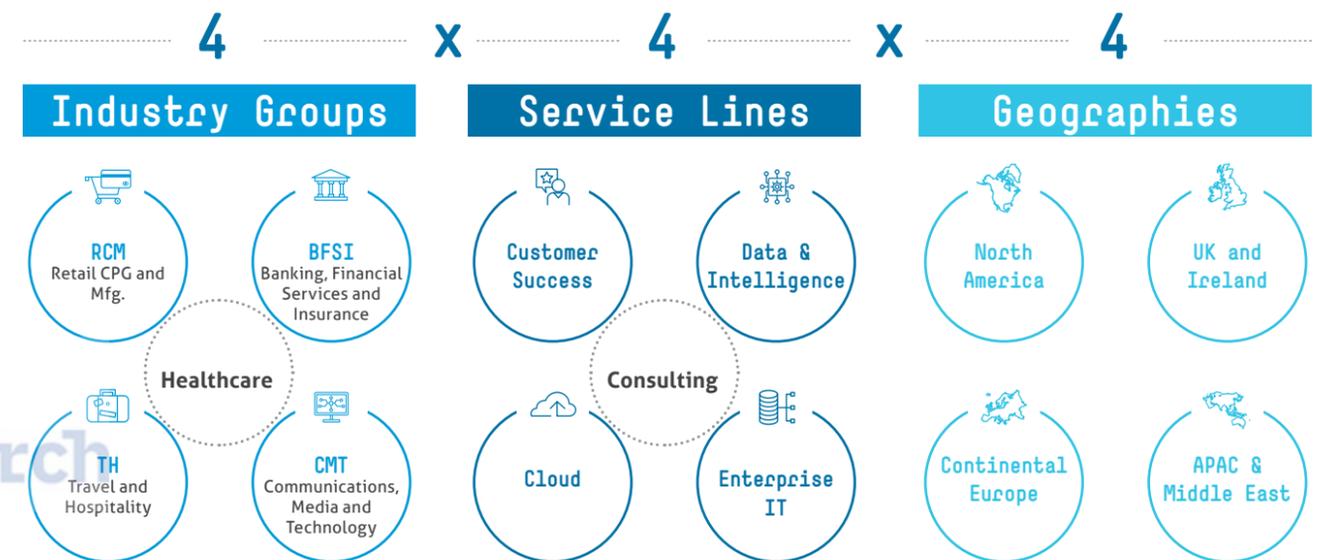
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**RCH PREMIUM**

Our strategy has been developed using three guiding principles:

- SIMPLIFY:** Ways of working to enhance focus on delivering agile, integrated, and efficient solutions
- DIFFERENTIATE:** Through domain depth, IP and end-to-end digital transformation capabilities
- CHANGE:** Align with the ever-evolving technology landscape and client expectations

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



For more details on strategy, please refer PG.44

## Financial performance

An overview of the consolidated financial results for FY21 and FY20.

Particulars	FY21		FY20		Increase/ (Decrease) %
	₹ in Million	% of revenue	₹ in Million	% of revenue	
Income from operations	79,678	100.0%	77,643	100.0%	2.6%
Expenses:					
Employee benefits expense	51,132	64.2%	50,647	65.2%	1.0%
Other expenses	11,979	15.0%	16,098	20.7%	-25.6%
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>16,567</b>	<b>20.8%</b>	<b>10,898</b>	<b>14.0%</b>	<b>52.0%</b>
Other income (net)	1,231	1.5%	756	1.0%	62.8%
Foreign exchange gain/(loss)	286	0.4%	(83)	-0.1%	-444.6%
Finance costs	504	0.6%	529	0.7%	-4.7%
Depreciation and amortisation expense	2,596	3.3%	2,754	3.5%	-5.7%
<b>Profit before tax</b>	<b>14,984</b>	<b>18.8%</b>	<b>8,288</b>	<b>10.7%</b>	<b>80.8%</b>
Tax expense	3,879	4.9%	1,979	2.5%	96.0%
<b>Profit after tax (PAT)</b>	<b>11,105</b>	<b>13.9%</b>	<b>6,309</b>	<b>8.1%</b>	<b>76.0%</b>

## Key financial ratios

Financial ratios	FY21	FY20
Debtors turnover ratio	5.874	5.597
Interest coverage ratio	30.730	16.667
Current ratio	2.873	2.459
Debt equity ratio	0.1245	0.1795
EBITDA margin	20.8%	14.0%
Net profit margin	13.9%	8.1%
Return on net worth	29.7%	19.5%

Improvement in interest coverage ratio is due to higher profit for the year. Improvement in net profit margin and return on net worth is due to decrease in other expenses mainly due to decrease in travel expenses.

## Income

USD revenue for FY21 dropped by 1.1% to \$1,077 Million while INR revenue rose 2.6% to ₹ 79,678 Million. We analyze our revenue (in USD terms) based on various parameters:

➤ **REVENUE BY VERTICAL:** Communications, Media & Technology (CMT) grew 20.7%, Banking, Financial

Services and Insurance (BFSI) dropped by 8.6% and Travel and Hospitality (TH) dropped by 47.5%.

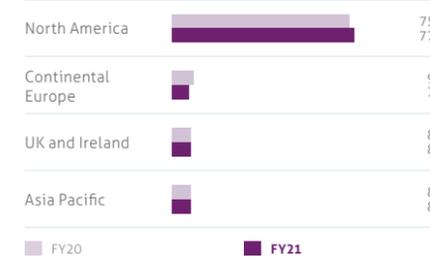
➤ **REVENUE BY GEOGRAPHY:** North America grew 2.6%, Continental Europe dropped by 16.6%, UK and Ireland dropped by 9.3%, Asia Pacific (APAC) dropped by 10.2%.

➤ **REVENUE BY SERVICE OFFERING:** Cloud grew 27.1%, Data & Intelligence grew 9.6%, Customer Success dropped by 6.5%, Enterprise IT dropped by 12.5%.

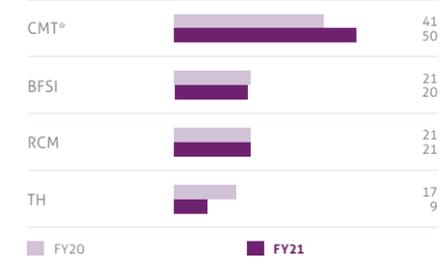
➤ **REVENUE BY MIX:** Offshore was up 6.1%, while Onsite was down by 5.8%.

A graphical representation of revenue analysis based on various parameters is given below.

### Revenue distribution by geography (%)

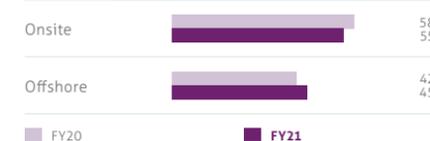


### Revenue distribution by industry (%)

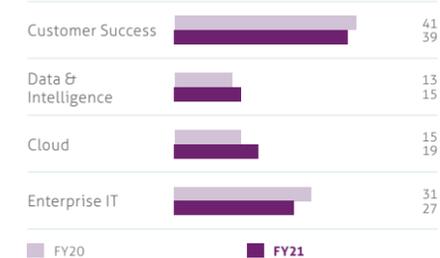


\* Erstwhile Hi-Tech

### Revenue by distribution mix (%)



### Revenue distribution by service offering (%)



Our active customers list as on March 31, 2021 stood at 270 against 307 in the previous year. The number of \$10 Million clients were 20 as at March 31, 2021 as against 23 in the previous year.

### Other income (excluding foreign exchange loss/gain)

Other income in FY21 has increased to ₹ 1,231 Million from ₹ 756 Million during the previous year. The increase

is mainly on account of gain on fair valuation of investment in mutual funds and perpetual bonds by ₹ 400 Million, increase in net gain on termination of right-of-use assets by ₹ 25 Million and increase in net gain on disposal of property, plant and equipment by ₹ 33 Million.

### Foreign exchange loss / gain

Foreign exchange gain in FY21 was ₹ 286 Million as against a foreign exchange loss of ₹ 83 Million in the previous year, primarily due to impact of foreign exchange gain on lease liability and other monetary items offset by foreign exchange loss on trade receivables net of hedges.

Expenses

EMPLOYEE BENEFITS EXPENSE

Employee benefits expenses account for 64.2% of our total revenue and are a major part of our total expenses. The expenses include fixed as well as variable components of employees' salaries, contribution to provident fund and gratuity. Stock-based compensation and staff welfare expenses also form a part of that cost. Break-up of this head of expenses in comparison with previous year numbers is given below:

Particulars	FY21		FY20		Increase/ (Decrease) %
	₹ in Million	% of revenue	₹ in Million	% of revenue	
Salaries and wages	46,719	58.6%	46,962	60.5%	-0.5%
Contribution to provident and other funds	4,084	5.1%	3,205	4.1%	27.4%
Share based payments to employees	99	0.1%	102	0.1%	-2.9%
Staff welfare expenses	230	0.3%	378	0.5%	-39.2%
<b>Total</b>	<b>51,132</b>	<b>64.2%</b>	<b>50,647</b>	<b>65.2%</b>	<b>1.0%</b>

Total employee benefits expenses has increased by 1%. As a percentage of revenue, employee benefits expenses decreased from 65.2% in FY20 to 64.2% in FY21. During FY21, contribution to provident fund has increased majorly due to provision for provident fund dues amounting to ₹ 659 Million as referred in the note 34 (f) of the consolidated financial statements.



Other expenses (excluding foreign exchange loss/gain)

Other expenses comprise of all other incidental costs apart from employee benefits costs like travel, sub-contractor charges, rent, computer consumables etc. The break-up of the same is as given below:

Particulars	FY21		FY20		Increase/ (Decrease) %
	₹ in Million	% of revenue	₹ in Million	% of revenue	
Travel expenses	762	1.0%	3,265	4.2%	-76.7%
Communication expenses	583	0.7%	691	0.9%	-15.6%
Sub-contractor charges	5,730	7.2%	6,208	8.0%	-7.7%
Computer consumables	1,514	1.9%	1,166	1.5%	29.8%
Legal and professional charges	526	0.7%	599	0.8%	-12.2%
Power and fuel	168	0.2%	313	0.4%	-46.3%
Lease rentals	115	0.1%	170	0.2%	-32.4%
Repairs and maintenance					
- Buildings	282	0.4%	383	0.5%	-26.4%
- Machinery	43	0.1%	59	0.1%	-27.1%
Insurance	105	0.1%	95	0.1%	10.5%
Rates and taxes	534	0.7%	344	0.4%	55.2%
Other expenses	1,617	2.0%	2,805	3.6%	-42.4%
<b>Total</b>	<b>11,979</b>	<b>15.0%</b>	<b>16,098</b>	<b>20.7%</b>	<b>-25.6%</b>

Other expenses decreased by 25.6% year on year mainly due to decrease in travel expenses, sub-contractor charges, communication expenses and power and fuel. The rest of the decrease could be attributed to decrease in sales and marketing expenses, recruitment expenses and one-time expenses for FY20 that included donation to PM CARES amounting to ₹ 200 Million. Other expenses, as a percentage of revenue has decreased by 5.7%. These costs decreased due to cost-optimization drive as well as emergence of COVID-19 pandemic.

PROFITABILITY AND MARGINS

- PAT margin increased by 5.8%, and as a percentage of revenue, increased from 8.1% to 13.9% in FY21
- EBITDA margin increased from 14.0% in FY20 to 20.8% in FY21
- Effective tax rate was at 25.9% in FY21 as compared with 23.9% in FY20

SEGMENTAL REPORTING

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

The Group is structured into four reportable business segments – Retail, CPG and Manufacturing (RCM), Banking, Financial Services and Insurance (BFSI), Communications, Media and Technology (CMT) (erstwhile High Technology and Media - Hi-tech) and Travel and Hospitality (TH). The reportable business segments are in line with the segment wise information which is being presented to the CODM.

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

Geographic information is based on business sources from that geographic region and delivered from both on-site and off-shore. The geographic regions comprise North America, Continental Europe, UK and Ireland and Asia Pacific (includes Rest of the World). During FY21, the geographic regions were classified as America comprising of the United States of America and Canada, Europe including Continental Europe



and United Kingdom; Rest of the world comprising of all other geographies except those mentioned above and India. Accordingly, the comparative numbers have been restated to give effect to the change in geographic information.

Income and direct expenses in relation to segments are categorized based on items that are individually identifiable to that segment, while the remainder of costs are apportioned on an

appropriate basis. Certain expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The Management therefore believes that it is not practical to provide segment disclosures relating to such expenses and accordingly such expenses are separately disclosed as 'unallocated' and directly charged against total income.

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

	Amount in ₹ Million	
	FY21	FY20
<b>Statement of Income</b>		
<b>Segment revenue from external customers</b>		
RCM	17,166	16,439
BFSI	15,632	16,479
CMT	39,835	31,793
TH	7,045	12,932
<b>Total</b>	<b>79,678</b>	<b>77,643</b>
<b>Segment operating income</b>		
RCM	3,684	2,844
BFSI	3,310	2,001
CMT	8,891	4,754
TH	682	1,299
<b>Total</b>	<b>16,567</b>	<b>10,898</b>
Depreciation and amortization expense	(2,596)	(2,754)
<b>Profit for the year before finance expenses, other income and tax</b>	<b>13,971</b>	<b>8,144</b>
Finance costs	(504)	(529)
Other income	1,065	567
Interest income	166	189
Foreign exchange gain/ (loss)	286	(83)
<b>Net profit before taxes</b>	<b>14,984</b>	<b>8,288</b>
Income taxes	(3,879)	(1,979)
<b>Net profit after taxes</b>	<b>11,105</b>	<b>6,309</b>



**Significant changes in Balance Sheet items**

- Other equity increased by ₹ 11,621 Million primarily due to the following movements:
  - Balance in the statement of profit and loss increased by ₹ 7,962 Million from ₹ 30,602 Million to ₹ 38,564 Million due to current year profit of ₹ 11,105 Million, which is offset by payment of dividend of ₹ 2,881 Million
  - The gain arising from the change in the effective portion of cash flow hedge (changes in the fair value of the derivative hedging instrument designated as a cash flow hedge) to the extent of ₹ 3,387 Million
- Non-current liabilities decreased from ₹ 6,762 Million to ₹ 4,498 Million in the current year primarily due to decrease in derivative financial instruments by ₹ 1,744 Million and decrease in lease liabilities by ₹ 472 Million
- Current liabilities increased by ₹ 2,690 Million mainly due to increase in provision for compensated absences by ₹ 588 Million, provision for disputed dues by ₹ 664 Million, increase in tax liabilities by ₹ 998 Million and increase in lease liabilities by ₹ 186 Million
- Our cash and current investments (net of short-term borrowings and book overdraft) increased from ₹ 12,809 Million as at March 31, 2020 to ₹ 26,904 Million as at March 31, 2021, mainly due to cash generated from operations of ₹ 19,960 Million offset by dividend-payout (including dividend distribution tax) and payment of lease liabilities (including finance cost)
- Days Sales Outstanding (DSO) as at March 31, 2021 was 60 days as compared to 66 days as at March 31, 2020

**Dividend for FY21**

**₹ 2,881 Million**

**Cash and current investments (net of short-term borrowings and book overdraft) increased to**

**₹ 26,904 Million**

**People focus, learning and high-performance culture**

At Mindtree, we have always prided ourselves on our unique culture and people practices. We seek to bring together people with different views, skills, and backgrounds to create the Mindtree of our vision – 'expertise led, culture backed'. We have recognized people as our greatest assets and consider them as our brand ambassadors. We refer to them as 'Mindtree Minds'.



**Navigating COVID-19**

Over the last few months, everyone has had to adjust to a new normal due to the outbreak of COVID-19. Like any other institution, when we found ourselves in the thick of an unprecedented situation, we took all possible measures to mitigate potential losses on every level – customers, employees, and other stakeholders. Some of the prominent measures are:

- Established a War Room. Mindtree devised a four-pronged plan comprising different but essential areas – health and safety, business continuity, client support, and communications. A war room was set up, and a core Crisis Response Team was formed
- Crisis Management Teams were set up to support Mindtree Minds and projects. There was a central team managing the communication across all the local teams
- Survey launched among 18,000 Mindtree Minds; 97% of them responded by saying that they are getting sufficient updates from the organization on the initiatives taken during the pandemic
- Remote support BCP was enabled immediately for all. By March 24, 2020, 98.5% Mindtree Minds in India were working from home (WFH) and by March 27, 2020, 99% were WFH globally

- Exclusive tie-up with hospitals and lodges – arranging ambulances, ventilators, COVID beds, online doctor consultations. COVID super top-up insurance covering home quarantine expenses. Counselling session for Mindtree Minds and dependents
- Social distancing implemented across the campus. In addition, foot operated door openers, pedal operated taps, sanitization of high touch points, disinfectant treatment and fumigation was undertaken
- 'Work from Office' approval process and self-declaration form (SDF) process was automated for the convenience of our Mindtree Minds

**Work ethos**

We engaged with a consultant, Spencer Stuart, to do a comprehensive exercise on understanding our current work ethos, and to articulate our desired work ethos for the future – to retain the strengths that will continue to be relevant and change the ones which could get in the way of achieving our ambitions.

This involved a diagnostic phase, where we surveyed an inclusive representation of over 10,300 Minds across different competencies, geographies, gender and tenure to understand the current work ethos.

This was followed by focused group discussions with a representative sample of employees to get a better

understanding of the sentiment and responses to the survey. We also conducted individual style profiling for select leadership, and leadership interviews.

Following this, we held leadership workshops where the consultants shared the analysis of the organizational survey to help us better understand our current work ethos and employee sentiment. During the workshops, the leadership team jointly articulated our desired work ethos for the future. The individual style profiles of the leaders helped them understand and reflect on how we, individually and as a leadership collectively, can become role models and build the desired work ethos from the front.

For more details on people performance, please refer PG.64

Mindtree Minds	FY21	FY20
Total Mindtree Minds	23,814	21,991
Software professionals	22,540	20,817
S&M	312	229
G&A	962	945
Nationalities*	86	80
Attrition (Last Twelve Months)	12.1%	17.4%
Lady Mindtree Minds	32%	32%

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

No. of software professionals in FY21 **22,540**  
 Lady Mindtree Minds **32%**

**References:**

- <https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update>
- <https://www.cbo.gov/publication/56982>
- [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_21\\_504](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_504)
- <https://assets.kpmg/content/dam/kpmg/uk/pdf/2021/03/kpmg-global-economic-outlook-march-2021-final.pdf>
- [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/970101/Forecomp\\_March\\_2021.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/970101/Forecomp_March_2021.pdf)
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**Internal control systems**

Mindtree has an Internal Control system, commensurate with the size, scale and complexity of its operations.

For more details, please refer PG.127

**Threats, risks and concerns**

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

For more details, please refer PG.49 and PG.182

**Outlook**

Considering the current challenges, there will be some pressure on the margin in the near term; however, our profitable growth strategy remains intact and will continue to drive operational efficiency in our business. We are well equipped to handle the global crisis based on the business continuity plan we have successfully

implemented to ensure the health and safety of our employees while fully supporting our clients worldwide.

Our endeavor is to continue with industry-leading profitable-growth in FY22 and sustain EBITDA margin above 20%. We are driving to strengthen our Finance team to be a business-enabler and support large and complex annuity deals that the organization is targeting. We are simplifying and automating Finance processes to make it agile to suit the dynamic business needs, more control-oriented and driving forward-looking analytics for better decision-making. As remote working continues to be a norm, we are making significant investment towards data-protection initiatives and strengthening cybersecurity.

Our 4X4X4 strategy is resonating very well with our clients. We continue to witness strong demand across our chosen service lines, industries and geographies. Our strategic investments in people, technology and partnerships are opening up numerous opportunities for us to redefine possibilities for our clients.

**Forward-looking statement**

Readers are cautioned that this discussion contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words 'anticipate', 'believe', 'estimate', 'intend', 'will' and 'expect' and other similar expressions as

they relate to the Company or its business are intended to identify such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. The above discussion and analysis should be read in conjunction with the Company's financial statements included in this report and the notes thereto. Investors are also requested to note that this discussion is based on the consolidated financial results of the Company.

**Safe harbor**

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause our actual results to differ materially from those in such forward-looking statements. The conditions caused by the COVID-19 pandemic could decrease 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.

