



Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings release

First quarter ended June 30, 2018

July 18, 2018

Welcome to possible

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Earnings Conference Call for Analysts / Investors

July 18, 2018 (6:30 PM IST)

Primary Number: +91 22 6280 1157
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(The number listed above is universally accessible from all networks and all countries)

Local Access Number: +91-70456 71221
Available all over India.

Toll free numbers:

Singapore: 800 101 2045
Hong Kong: 800 964 448
UK: 0 808 101 1573
US: 1 866 746 2133

Replay of conference call available until July 31, 2018
+91 22 71945757 (Playback id: 230712#)

Webcast – Participants have the option to attend the conference call by logging in to the online webcast, please note participants in webcast would be in **listen-only** mode. The webcast link is as below.

[Mindtree Q1 FY19 Webcast Link](#)



Transcript will be available on www.mindtree.com after July 20, 2018

Mindtree Reports Another Stellar Quarter

Strong revenue growth of 6.8% q-o-q and 20.7% y-o-y in USD terms

Bangalore (India) and Warren (NJ), July 18, 2018: [Mindtree](#), a global technology services and Digital transformation company, guiding it's clients to achieve faster business outcomes, announced its consolidated results today for the first quarter ended June 30, 2018 as approved by its board of directors.

“Our sustained high revenue growth is a reflection of our clients voting with their wallets that Mindtree’s unique blend of expertise and collaboration is delivering a completely different experience.” **Rostow Ramanan, CEO & Managing Director, Mindtree.** “As we continue to showcase leadership in Digital transformation along with our frameworks for automating core run-the-business operations, our clients are trusting us with larger and more impactful projects. The long-term strategic initiatives of delivery excellence and making Mindtree a great place to work continue to be visible in our improving profitability and low-attrition rates. ”

Key financial highlights:

Quarter ended June 30, 2018

- In USD:
 - Revenue at \$241.5 million (growth of 6.8% q-o-q / 20.7% y-o-y)
Constant Currency growth of 8.2% q-o-q
 - Net profit at \$23.3 million (decline of 17.2% q-o-q/ growth of 23.5% y-o-y)
- In INR:
 - Revenue at ₹ 16,395 million (growth of 12% q-o-q / 27.1% y-o-y)
 - Net profit at ₹ 1,582 million (decline of 13.2% q-o-q / growth of 30% y-o-y)

Other highlights:

- Clients:
 - 339 active clients as of June 30, 2018
 - \$10 million clients grow by 2, total of 19
 - \$5 million clients grow by 1, total of 39

- People:
 - 18,990 Mindtree Minds as of June 30, 2018
 - Trailing 12 months attrition is 12.2%

- BOTs*:
 - Automation is playing a significant role in modernizing our technology service delivery, enhancing both efficiency and speed-to-results for our clients. We are proud to report our BOTs strength that autonomously work along-side our Mindtree Minds, enabling our team to do more and accomplish larger goals.
 - We have 406 BOTs employed as of June 30, 2018

**Software that acts autonomously, free from any interference, human or otherwise, to perform a significant task which will otherwise be performed by a human*

- Multi-year and multi-million dollar wins with leading global clients:
 - Implementing SAP's business planning and consolidation suite for the world's largest auto manufacturer
 - Implementing financial reporting solution powered by SAP HANA for a FTSE Top 20 company, this is the largest deal in Bluefin's history
 - Providing salesforce solution for a global home appliances company to streamline their sales process
 - Providing cloud migration services for a government authority in the Middle East

- Recognition:
 - Won two awards at the 2018 ISG Paragon Awards™ Americas
 - Recognized as a leader in ISG SAP HANA Services Quadrant Study
 - Named a leader in 'Zinnov Zones' in the sectors of Broadcasting, Education & Publishing
 - Recognized in the IR Magazine Awards 2018 for excellence in Investor Relations



About Mindtree

Mindtree [NSE: MINDTREE] is a global technology consulting and services company, helping Global 2000 corporations marry scale with agility to achieve competitive advantage. “Born digital” in 1999, more than 340 enterprise clients rely on our deep domain knowledge to break down silos, make sense of digital complexity and bring new initiatives to 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 across 17 countries, we’re consistently regarded as one of the best places to work, embodied every day by our winning culture made up of nearly 19,000 entrepreneurial, collaborative and dedicated “Mindtree Minds.

Safe harbour

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause our actual results to differ materially from those in such forward-looking statements. We do not undertake to update any forward-looking statement that may be made from time to time by us or on our behalf.

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Key Financial Metrics

(₹ million)	Q1	Q4	Q1	Growth (%)	
	FY2018	FY2018	FY2019	Q-o-Q	Y-o-Y
Revenue	12,895	14,640	16,395	12.0%	27.1%
EBITDA	1,435	2,355	2,310	(1.9)%	61.0%
Net Profit	1,217	1,822	1,582	(13.2)%	30.0%
Diluted EPS (Rs.)	7.23	11.08	9.62	(13.2)%	33.1%

(\$ million)	Q1	Q4	Q1	Growth (%)	
	FY2018	FY2018	FY2019	Q-o-Q	Y-o-Y
Revenue	200.1	226.2	241.5	6.8%	20.7%
EBITDA	22.3	36.4	34.0	(6.5)%	52.9%
Net Profit	18.9	28.2	23.3	(17.2)%	23.5%

Rupee Dollar Rate	Q1	Q4	Q1
	FY2018	FY2018	FY2019
Period Closing rate	64.58	65.11	68.45
Period Average rate	64.43	64.73	67.89

Hedges outstanding at 30-June-18		
Currency	Value	Avg. Rate/INR
USD	36.0	67.90
EURO	1.5	81.02
GBP	1.0	91.28

Total hedges outstanding in USD terms is 39M at an average ₹ rate of 67.89. These are fair value hedges expiring within 30-Sept-18.

Key Ratios

Key Ratios	Q1	Q4	Q1
	FY2018	FY2018	FY2019
EBITDA Margin (%)	11.1%	16.1%	14.1%
Effective Tax Rate (%)	23.5%	27.3%	26.8%
Net Profit Margin (%)	9.4%	12.4%	9.6%
ROCE (%)	23.8%	34.9%	29.1%
DSO (Days)	57	67	67

Effective Tax Rate = Tax / PBT

ROCE = EBIT / Average Capital Employed. ROCE is annualized

Key Performance Highlights

- All-round good performance across verticals - Hi-Tech and Media grew 9.3% q-o-q; Travel and Hospitality grew by 6%; BFSI grew by 5%; Retail CPG and Manufacturing grew by 4.9%
- Digital business grew by 12.6% q-o-q and 35.4% y-o-y
- Last Twelve Months attrition further reduced to 12.2%
- Utilization(Including Trainees) has improved by 160 basis points to 75.4%

Key Revenue Metrics

Revenue by Geography	Q1 FY 2018	Q4 FY 2018	Q1 FY 2019
US	69.6%	71.0%	72.7%
Europe	21.1%	21.1%	20.1%
India	3.0%	3.2%	3.1%
Rest of the World	6.3%	4.7%	4.2%
Total	100.0%	100.0%	100.0%

Revenue by Industry	Q1 FY 2018	Q4 FY 2018	Q1 FY 2019
Hi-Tech & Media*	37.9%	38.0%	38.9%
BFSI	25.1%	22.7%	22.3%
Retail, CPG & Manufacturing	22.7%	23.5%	23.1%
Travel & Hospitality	14.3%	15.9%	15.8%
Total	100.0%	100.0%	100.0%

*Earlier called Technology, Media & Services

Revenue by Service Offering	Q1 FY 2018	Q4 FY 2018	Q1 FY 2019
Application, Development & Maintenance	51.2%	50.3%	50.7%
Consulting	3.4%	3.9%	3.4%
Package Implementation	11.5%	11.2%	10.6%
IP Led Revenue	1.1%	0.9%	0.6%
Independent Testing	11.8%	12.7%	13.1%
Infrastructure Management & Tech Support	21.0%	21.0%	21.6%
Total	100.0%	100.0%	100.0%
Digital	42.3%	45.0%	47.5%

Revenue by Project Type	Q1 FY 2018	Q4 FY 2018	Q1 FY 2019
Fixed Cost, Fixed Monthly	52.9%	56.8%	56.4%
Time & Materials	47.1%	43.2%	43.6%
Total	100.0%	100.0%	100.0%

Effort and Utilization

Metrics	Q1 FY 2018	Q4 FY 2018	Q1 FY 2019	Growth (%)	
				Q-o-Q	Y-o-Y
Billed Hours					
Onsite	1,423,605	1,504,976	1,603,168	6.5%	12.6%
Offshore	4,703,810	5,088,373	5,424,314	6.6%	15.3%
Total	6,127,415	6,593,349	7,027,482	6.6%	14.7%
Fee Revenue (\$ 000)					
Fee Revenue	198,083	223,882	237,427	6.1%	19.9%
Utilization					
Including Trainees	73.2%	73.8%	75.4%		
Excluding Trainees	73.8%	75.2%	76.3%		

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

Key Client Metrics

Metrics	Q1 FY 2018	Q4 FY 2018	Q1 FY 2019
Client Details			
Number of Active clients	336	338	339
New Clients Added	20	23	24
\$1 mn clients	113	118	117
\$5 mn clients	33	38	39
\$10 mn clients	16	17	19
\$25 mn clients	3	4	4
\$50 mn clients	1	1	1
\$100 mn clients	1	1	1

Million Dollar Clients are based on trailing 12 months revenue.

Client Contribution to Revenue	Q1 FY 2018	Q4 FY 2018	Q1 FY 2019
Top Client	15.3%	17.8%	19.4%
Top 5 Clients	30.1%	32.0%	32.3%
Top 10 Clients	41.5%	43.7%	43.5%

Contribution to revenues is based on revenues for the quarter.

Total Contract Value signed(TCV) (USD M)	Q1 FY 2018	Q4 FY 2018	Q1 FY 2019
Renewals	219	256	255
New	43	42	51
Total	262	298	306
Expiring within 1 year	198	237	259
Expiring > 1 year	64	61	47
Digital	108	102	139

Key Employee Metrics

Mindtree Minds	Q1 FY 2018	Q4 FY 2018	Q1 FY 2019
Total Mindtree Minds	16,561	17,723	18,990
Software Professionals	15,441	16,595	17,837
Sales	268	255	242
Support	852	873	911
Gross Additions	645	1,102	1,934
Net Additions	91	523	1,267
Attrition (Last Twelve Months)	14.0%	12.5%	12.2%
Lady Mindtree Minds	29%	30%	30%
Nationalities*	54	59	60

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

BOTs*	-	335	406
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*A BOT is defined as a software that acts autonomously, free from any interference, human or otherwise, to perform a significant task which will otherwise be performed by a human.

This is a new metric introduced effective Q4FY18

Audited Consolidated Financial Results for the Quarter Ended June 30, 2018 (₹ in millions, except per share data)

Particulars	Quarter ended			Year ended
	June 30, 2018	March 31, 2018	June 30, 2017	March 31, 2018
Revenue from operations	16,395	14,640	12,895	54,628
Other income, net (Refer note 6)	279	591	654	1,902
Total income	16,674	15,231	13,549	56,530
Expenses				
Employee benefits expense	10,395	9,301	8,393	35,641
Finance costs	28	58	40	169
Depreciation and amortisation expense	400	383	459	1,715
Other expenses	3,690	2,984	3,067	11,582
Total expenses	14,513	12,726	11,959	49,107
Profit before tax	2,161	2,505	1,590	7,423
Tax expense				
Current tax	647	557	385	1,555
Deferred tax	(68)	126	(12)	167
Net profit for the period	1,582	1,822	1,217	5,701
Other comprehensive income:				
A. (i) Items that will not be reclassified to profit or loss	(45)	(4)	6	(23)
(ii) Income tax relating to items that will not be reclassified to profit or loss	11	1	(1)	5
B. Items that will be reclassified to profit or loss	121	58	115	146
Total other comprehensive income	87	55	120	128
Total comprehensive income for the period	1,669	1,877	1,337	5,829
Paid up equity share capital (face value Rs. 10/- each)	1,640	1,639	1,681	1,639
Reserves	27,067	25,775	25,475	25,775
Earnings per share:				
Basic EPS (Rs.)	9.65	11.12	7.24	34.39
Diluted EPS (Rs.)	9.62	11.08	7.23	34.28

AUDITED SEGMENT WISE REVENUE AND RESULTS

Particulars	Quarter ended			Year ended
	June 30, 2018	March 31, 2018	June 30, 2017	March 31, 2018
Segment revenue				
Retail, CPG and Manufacturing	3,782	3,437	2,919	12,689
Banking, Financial Services and Insurance	3,655	3,319	3,235	13,255
High Technology and Media	6,370	5,556	4,891	20,467
Travel and Hospitality	2,588	2,328	1,850	8,217
Total	16,395	14,640	12,895	54,628
Segment results				
Retail, CPG and Manufacturing	615	555	189	1,663
Banking, Financial Services and Insurance	121	328	293	1,245
High Technology and Media	1,264	1,057	760	3,441
Travel and Hospitality	310	415	193	1,056
Total	2,310	2,355	1,435	7,405
Unallocable				
Expenses	400	383	459	1,715
Finance costs	28	58	40	169
Other income	279	591	654	1,902
Profit before tax	2,161	2,505	1,590	7,423

Notes on segment information
Principal segments

The Group is structured into four industry verticals – Retail, CPG and Manufacturing (RCM), Banking, Financial Services and Insurance (BFSI), High Technology and Media (Hi-tech) (erstwhile Technology, Media and Services - TMS) and Travel and Hospitality (TH). Accordingly, the Group has presented its segment results under these business segments.

Segment assets and liabilities

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

Audited Consolidated Financial Results for the Quarter Ended June 30, 2018 (₹ in millions, except per share data)

Particulars	As at	
	June 30, 2018	March 31, 2018
ASSETS		
Non-current assets		
Property, plant and equipment	3,424	3,509
Capital work in progress	197	92
Goodwill	4,626	4,539
Other intangible assets	1,458	1,520
Financial assets		
Investments	58	58
Loans	752	751
Deferred tax assets (net)	327	318
Other non-current assets	1,559	1,547
	12,401	12,334
Current assets		
Financial assets		
Investments	6,187	7,206
Trade receivables	12,115	10,155
Cash and cash equivalents	1,790	3,289
Loans	17	17
Other financial assets	2,628	3,081
Other current assets	1,849	1,283
	24,586	25,031
TOTAL ASSETS	36,987	37,365
EQUITY AND LIABILITIES		
Equity		
Equity share capital	1,640	1,639
Other equity	27,067	25,775
	28,707	27,414
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	5	9
Other non current liabilities	79	85
	84	94
Current liabilities		
Financial liabilities		
Borrowings	1,000	3,000
Trade payables	2,179	1,710
Other financial liabilities	1,516	1,812
Other current liabilities	1,594	1,802
Provisions	1,367	1,218
Current tax liabilities (net)	540	315
	8,196	9,857
	8,280	9,951
TOTAL EQUITY AND LIABILITIES	36,987	37,365

Notes to audited consolidated financial results for the quarter ended June 30, 2018

- The above results were reviewed by the Audit Committee and thereafter have been adopted by the Board at its meeting held on July 18, 2018.
- Effective April 1, 2018, the Group has adopted Ind AS 115 'Revenue from Contracts with Customers'. The application of Ind AS 115 did not have any material impact on the financial statements of the Group.
- The Board of Directors of the Company have approved the appointment of Bijou Kurien, as Independent director of the Company for a term of three years effective July 17, 2018 based on the recommendation of the Nomination and Remuneration Committee of the Board. The appointment has been approved by the shareholders at the Nineteenth Annual General meeting of the Company held on July 17, 2018.
- EPS for the quarterly periods are not annualized.
- Audited financial results of Mindtree Limited (Standalone Information)

Particulars	Quarter ended			Rs in million
	June 30, 2018	March 31, 2018	June 30, 2017	Year ended March 31, 2018
Revenues	15,947	14,281	12,490	53,250
Profit before tax	2,169	2,581	1,617	7,943
Profit after tax	1,591	1,913	1,247	6,249

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

- During the quarter ended June 30, 2017 and March 31, 2018, the Group has written back earn outs payable towards acquisition of business amounting to Rs 374 million and Rs 174 million respectively.
- The statement of consolidated financial results have been audited by the Company's auditors. The Company's auditors have issued an unmodified audit opinion on the consolidated financial results. The audit report has been filed with the stock exchanges and is also available on the Company's website.



For more information please contact:

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Safe Harbor:

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause our actual results to differ materially from those in such forward-looking statements. We do not undertake to update any forward-looking statement that may be made from time to time by us or on our behalf.

Welcome to possible