



## Message from Chairman and CEO

Dear fellow shareholders,

Wanted to begin our letter by thanking you for your unstinting support over the years to Mindtree. With your support, we accomplished great outcomes last year. This includes:

1. Best ever scores on our annual Customer Experience Survey. We ranked equal or better than the best in our industry on critical parameters by CXOs of our customers. The survey conducted by an independent agency, which also conducts similar surveys for many others in our industry. What was especially heartwarming is that the 2<sup>nd</sup> most frequently expressed expectation by our customers was that they would like Mindtree to help them drive their technology roadmap – i.e. we have now earned the trust of our customers and they are expecting higher value from us. We are energized and humbled by the results and rededicate ourselves to continually creating value for our customers using technology.
2. Deal wins – we won deals worth \$1.01B last year, which included the largest deal yet in our history from one of our customers in the

airline industry. This customer has entrusted their entire QA function to us in a multi-year, multi-million dollar deal, reflecting our strong value proposition and relationships that we have built over many years. These wins give us strong momentum for continuing our record of growing faster than our industry, as we enter FY2018-19.

3. Value creation for shareholders – FY2017-18 also saw us successfully complete our first share buyback program. Counting dividends and buyback, we returned Rs. 4.73 Billion to shareholders in FY2017-18, which is 83% of our PAT for the year. Our improved financial performance also helped the Street re-rate our stock. Our market-cap was Rs 76 Billion on March 31, 2017 and it grew to Rs 126.54 Billion on March 31, 2018, which makes us one of the best performing stocks on the Indian exchanges in FY2017-18. Our Total Shareholder Return over the period March 2007 (from our IPO) to March 2018 was 15.7%p.a.

We will not rest on the laurels of these achievements and continue to do our best for all our stakeholders.

Would also like to take this opportunity to share with you our perspective on the most important changes affecting our industry and our actions to strengthen Mindtree in this period of discontinuous change.

1. Technology – changes in technology are reshaping our customers' world as well as our industry. Some of our traditional offerings like coding, testing, managing IT infrastructure etc., have been recast in a very different way through platforms, automation and other forces. We took note of Charles Darwin's finding – that only those who can adopt fast will survive in periods of rapid change. We embraced the technology revolution and led the thinking for our clients. In many cases we paid the short term price, either by cannibalizing our revenue or sacrificing margins by making investments to prepare for the changes. That call proved to be the right one. We started FY2017-18 with 11.1% EBITDA margins in Q1, but ended the year with 16.1% in EBITDA margins in Q4, in a period when the appreciating Rupee ate away 0.7% of our operating profits. Q4 FY2017-18 also saw us post a QoQ growth of 5.5% which was amongst the best in our industry.
2. Reskilling – media articles about the effects of technology change on the workforce continue to bombard us. Consistent with our philosophy that our passionate and expert people are the most important ingredient for us to create value for customers, we saw the Tsunami a long time ago and prepared adequately. We invested in creating an internal platform that we call Yorbit, which today has 1987 courses sourced from leading content providers all over the world as well as internally created content. Currently, 13641 Mindtree Minds have completed 1,370,477 hours of training on the platform. This investment in reskilling our people was perhaps the biggest reason for our two most important successes of FY2017-18 – the first was our strong customer satisfaction scores that we shared in the beginning of this letter and also the multi-year low attrition levels in Mindtree. On people engagement, also we compare favorably with the best in our industry.



Our approach for creating value for our shareholders rests on 2 important principles – great governance practices and focus on the long term health of our business. These principles govern our actions every day. These principles make it easy for us to choose between trade-offs that we inevitably have to make while running your business on your behalf. Since our inception, our aim has always been to deliver superior returns for shareholders through consistent revenue growth and stable margins. To achieve that we are obsessed about doing our best for our customers. That in turn, needs focus and investment on talent and technology. Therefore we see focus on our talent and customers is the means to delivering returns for our shareholders.

People, customers and shareholders are not the only stakeholders we serve. Given the many pressing challenges that our world faces today, society is also a key stakeholder in our success. We are convinced that business has to contribute to solving the problems facing society – because business has the resources, the reach, the technology and the will to do so. Would like to present to you some of the highlights of our contributions during FY18 for important social causes:

1. **Sustainability:** We have reduced water consumption to 0.85 kl/FTE/ month; we recycle 89% of the waste generated; and approximately 70% of our power needs are met by renewable sources. You will find more information about our initiatives in the Sustainability Report.
2. **Promoting primary education:** We adopted an entire school district in a rural area near Bangalore and have engaged with multiple stakeholders over a 10 year period. When we started our engagement this district ranked amongst the bottom-five in the state of Karnataka. Today it ranks in the top-five. Patience, commitment by the many Mindtree Minds who volunteered their service to the community and deployment of smart technology have helped deliver this remarkable turnaround.

**3. Social Inclusion:** We use our technology capabilities to solve large social problems like waste management, agriculture etc. through the “I Got” platforms and assistive technologies built by us.

**Enabling successes for our customers through expertise**

FY2017-18 saw us delivering many innovative solutions which created significant value for our customers. Some of the noteworthy projects were:

1. We collaborated with a global network equipment leader to design, develop and deploy a software solution, which gives immense flexibility, capex and opex savings etc, to our customer’s customers. This is a service chaining solution which helps meet the challenges of ever growing combination of features, security and bandwidth requirements. Such a solution is critical in the world of large data centers and multi-cloud environments where the end customer does not want to buy additional hardware. This solution has many patents to its credit and has been an instant hit, winning many international awards in networking events like Interop and Network World. Our solution has enabled hundreds of millions of dollars in revenues for our client. This is an area where we are making more investments in the future.
2. Our team worked with one of the world’s largest humanitarian organizations to enable real time inventory view of blood products in the supply chain. This has helped our customer become more responsive to the dynamic needs of hospitals, especially during disasters. We vastly improved the current processes by automating 30% of data extraction, analytics and reporting, thereby enabling near real-time view of the inventory.
3. We have been working with one of the world’s largest insurance carrier for many years. One of the services we provide for them is Testing and Quality Assurance. Last year we helped them reduce the duration of overall testing cycle by ~60% and they were able to detect ~45% of



defects through automated testing. This not only provided a great quality product for our client but also helped significantly reduce their operational cost on Testing.

**Our people**

The successes of last year are almost entirely attributable to our people. They are incredibly talented and passionate. They live our values of Collaboration, Expertise and Dedication every single day. They set high standards for themselves and hold us accountable to deliver to those standards. Our people will continue to be the most important factor contributing to our future successes as well.

As leaders, our job is to ensure that our people are treated fairly and given the resources they need to make an impact for our customers. We are working on improving the diversity of our talent worldwide, which we believe will unleash the creativity and passion of our people to solve very challenging problems for our customers.

Both of us are very proud to be part of this winning team. Collectively, we have the opportunity to make Mindtree a memorable company and all of us spend most of our waking moments chasing that dream.

**Board**

Your company is incredibly lucky to have a highly engaged Board where every member feels invested in Mindtree’s success in the marketplace. Recently, we saw 3 Board members complete their tenure



– Prof. Pankaj Chandra, Ms. Manisha Girotra and Mr. V G Siddhartha. On your behalf, we would like to thank all of them for their immensely valuable contributions. They had a part to play in many of our achievements. We wish them the very best for their future endeavors.

We are also excited to welcome Mr. Bijou Kurien to our Board, subject to your approval at the forthcoming AGM. As explained earlier in this letter, a part of our response to the changing dynamics of our industry is to gain deeper expertise in the verticals we serve. Mr. Kurien brings a wealth of knowledge and deep networks in the Retail and CPG industries, which is one of our largest verticals. We are sure that Mr. Kurien will help us refine and strengthen our strategy to serve our customers in this vertical. We are looking to strengthen our Board further with experts in technology and chosen domains in the future.

We engaged an external firm, which is a global leader in the field of talent management and board governance to conduct our annual board evaluation survey. The findings were discussed at the Board meeting in April 2018. The evaluation highlighted that we are already at the forefront of many global good practices on board processes and governance. Nonetheless, continuous improvement is the way of our lives at Mindtree and we are working on making

Once again we thank you - our shareholders, our customers and the amazing Mindtree Minds across the globe for your unstinting support, affection and for inspiring us to do our best.

With warm regards,

**Krishnakumar Natarajan**  
Executive Chairman

Place: Bengaluru  
Date: April 18, 2018

the changes identified through this exercise. You will find more details about the evaluation in the Directors' Report.

### Looking ahead with confidence

FY2018-19 brings a host of challenges and opportunities. The year ahead is our 20th year in business. We continue to be guided by our mission to "engineer meaningful technology solutions that make businesses and societies flourish". We will continue to aspire to be our customers' primary and trusted partner for transformational technology initiatives as well as the place for great talent to flourish. Our goals for FY2018-19 include:

1. Growing faster than our industry.
2. Improving operating margins.
3. Improving our lead over the rest of the industry in Digital – we are in a special place to help our customers lead their industries using data and other digital technologies. For us, our Digital business has grown at twice the company's growth rate and we will continue this journey.
4. Delivering greater efficiencies for our clients using technology in "run-the-business" programs.
5. Incubate the seeds for a future-proofed Mindtree where we can take new solutions in new business models to enterprises.
6. Increasing the diversity – on gender and ethnicity within Mindtree, narrowing the gender-pay gap.

**Rostow Ravanan**  
CEO and Managing Director