

Management Discussion and Analysis

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 following 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.

Industry outlook, structure and developments

Global economic growth is estimated to have grown by 3.7% in 2017 and is projected to reach 3.9% in 2018 and 2019. This reflects a more positive outlook in 2017 with a gradual pickup in the next two years. The pickup in growth is broad based. It may be attributed to recently approved tax policy changes in US and accelerating economic activity mostly in advanced economies and also in emerging markets and developing economies to some extent.

US grew at 2.3% in 2017 and is expected to grow at 2.7% and 2.5% in 2018 and 2019, respectively. The policy changes in terms of corporate income tax cuts will have positive impact on investment. Overall tax policy changes are expected to stimulate activity in economy. In terms of labor market, unemployment is at all-time low.

The Euro area grew at 2.4% in 2017 as compared to 1.8% in 2016. It is expected to grow at 2.2% and 2.0% in 2018 and 2019 respectively.

China accelerated to 6.8% in 2017 from 6.7% in 2016. It is expected to slowdown in 2018 and 2019 with an estimated growth rate of 6.6% and 6.4% respectively.

India grew at 6.7% in 2017 as compared to 7.1% in 2016. It is expected to grow at 7.4% and 7.8% in 2018 and 2019. With these numbers, India will continue to remain one of fastest growing economy compared to other developed and emerging economies.

Global technology industry saw fairly modest, yet commendable growth of about 4.5%, picking up from last year growth.

In FY2018, India had IT-BPM revenue touching USD 167 billion, up from USD 154 billion in FY2017 and showing a growth of 8.4%. Exports reached USD 126 billion, a 7.7% growth over the previous year and an addition of USD 9 billion. In FY2018, India’s domestic IT-BPM market grew at 7.9% Y-o-Y to reach USD 41 billion (excl. e-commerce). Digital technologies will continue to define the sector and revenue from these is likely to have a 23% share by 2020 and more than 38% by 2025. Digital revenues are at 20% and growing by 30% Y-o-Y which translates into 1.5x growth over entire IT industry.

Last year has been very exciting in terms of technological and political changes. Indian IT-BPM industry is facing some challenges in terms of how to tackle political changes, be it increased protectionism across the globe which has resulted in tightening of labor market and difficulty in obtaining visa. Due to this there is slowdown in decision making and investment. On the technology front IoT, AI/ML are becoming mainstream globally and our industry has to take a note of it and provide valuable services in these areas. Blockchain is another exciting technology and its implication can be huge if it is realized to its full potential. However, India continues to be the world’s top outsourcing destination due to its unique value proposition which shows its massive ecosystem in the following lines:

- Digitally connected domestic economy
- Maturity in onshore, offshore and nearshore global delivery model
- World’s fastest growing digital hub
- Digital at the core of innovation (110+ CoEs, 20 labs/innovation centers, 30+ design studios etc.)
- Technology investments (IP solutions in AI, RPA, IOT etc.)
- Massive reskilling of talent in digital technologies (450K-550K digitally skilled employees)

Indian service providers face a significant opportunity as digital technologies continue to be embedded in an ever widening range of products and services. The market is well set to reach USD 200-225 billion by 2020 and USD 350-400 billion by 2025. At the same time, challenges around economic volatility, protectionism, competition, labor mobility and inertia will be a major factor to tackle by concerned stakeholders. Digital business, Blockchain, Internet of Things (IoT), AI/ML projects will be main drivers of growth going forward.

Source: IMF WEO Jan 18 update, NASSCOM Annual Guidance 2018

Financial Performance

The table below gives an overview of the consolidated financial results for 2017-18 and 2016-17.

Particulars	FY 2017-18		FY 2016-17		Growth %
	₹ in million	% of revenue	₹ in million	% of revenue	
Income from operations	54,628	100.0%	52,364	100.0%	4.3%
Expenses:					
Employee benefits expense	35,641	65.2%	34,125	65.2%	4.4%
Other expenses	11,582	21.2%	11,058	21.1%	4.7%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	7,405	13.6%	7,181	13.7%	3.1%

Particulars	FY 2017-18		FY 2016-17		Growth %
	₹ in million	% of revenue	₹ in million	% of revenue	
Other income (net)	1,660	3.0%	553	1.1%	200.2%
Foreign exchange gain/ (loss)	242	0.4%	(136)	-0.3%	-277.9%
Finance costs	169	0.3%	191	0.4%	-11.5%
Depreciation and amortisation expense	1,715	3.1%	1,858	3.5%	-7.7%
Profit before tax	7,423	13.6%	5,549	10.6%	33.8%
Tax expense	1,722	3.2%	1,363	2.6%	26.3%
Profit for the year (PAT)	5,701	10.4%	4,186	8.0%	36.2%

Income

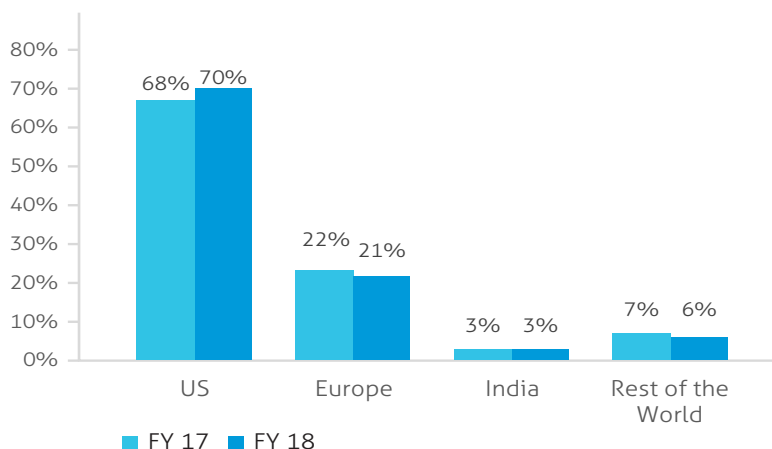
Revenue for the year in USD terms grew by 8.6% to USD 846.8 million. In Rupee terms, revenue for the year is ₹ 54,628 million with a growth of 4.3% over previous year.

We analyze our revenue based on various parameters. The factors which are driving our revenue growth (in USD terms) are as follows:

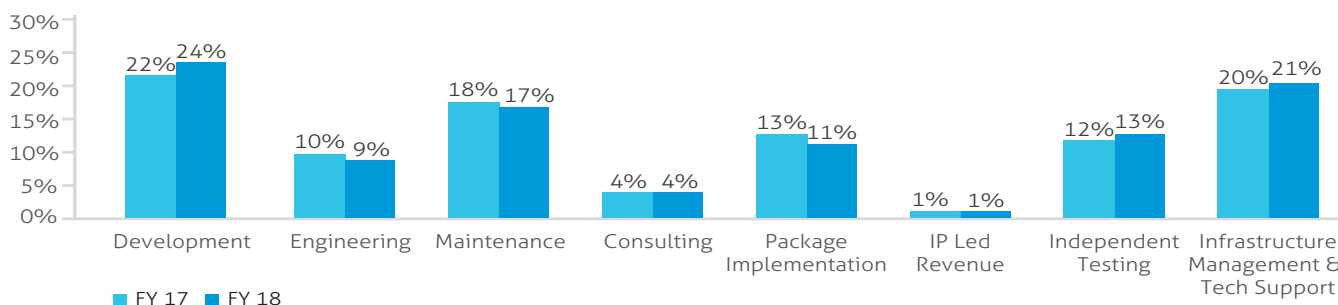
- Revenue by vertical: Among the verticals, TMS (Technology, Media and Services) grew by 10.8% in the current year followed by TH (Travel and Hospitality), which grew by 10.1%.
- Revenue by geography: India revenue grew by 12% followed by US revenue which grew by 10.7%.
- Revenue by service offering: Our revenue from Development grew by 17.6% year on year, followed by Infrastructure management and tech support and Independent testing which grew by 16.7% and 6.5% respectively. Digital/SMAC revenue has grown by 18.9%.
- Revenue by mix: Offshore revenue mix has grown by 13.3% and the onsite revenue mix has grown by 5.4%.

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

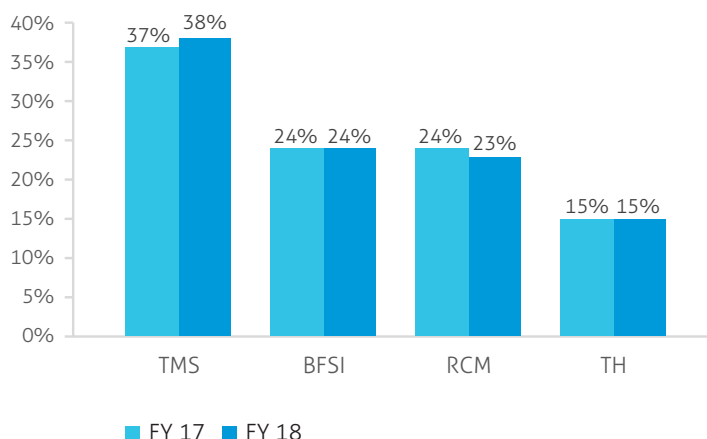
Revenue distribution by geography



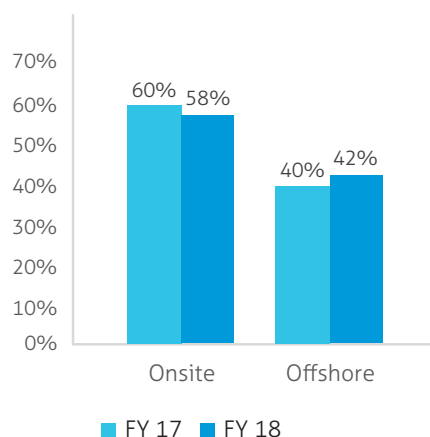
Revenue distribution by service offering



Revenue distribution by industry



Revenue distribution by mix



Our active customers list as at March 31, 2018 stands at 338.

During the year, our \$ 10 million clients increased from 16 to 17 and our \$ 5 million clients increased from 30 to 38.

Other income (excluding foreign exchange gain)

Other income for the year ended March 31, 2018 is ₹ 1,660 million and has increased by an amount of ₹ 1,107 million over the previous year (₹ 553 million). The significant increase is mainly on account of write back of earn out towards acquisition of business to the erstwhile shareholders of Bluefin Solutions Limited, Relational Solutions Inc and Magnet 360 LLC amounting to ₹ 916 million in the current year and also on account of increase in net gain on sale of financial assets designated at fair value through profit or loss amounting to ₹ 136 million.

Foreign exchange loss/ gain

Foreign exchange gain for the year ended March 31, 2018 is ₹ 242 million as compared to a loss of ₹ 136 million in the previous year. This is primarily on account of depreciation of rupee against major currencies as listed below:

Currency	As at March 31, 2018	As at March 31, 2017
USD	65.11	64.85
GBP	91.25	80.90
EUR	80.22	69.29

Expenses

Employee benefits expense

At 65.2% of total revenue, employee benefits expense are the major part of expenses. It includes the fixed as well as the variable components of employees' salaries, contribution to provident funds, gratuity etc. Stock based compensation cost and staff welfare expenses incurred for the employees also form a part of this cost. Break-up of this head of expenses in comparison with previous year numbers is given below:

Employee benefits expense	For the year ended March 31,				Increase/ (Decrease) %
	2018		2017		
	₹ in million	% of revenue	₹ in million	% of revenue	
Salaries and wages	33,207	60.8%	31,992	61.1%	3.8%
Contribution to provident and other funds	2,100	3.8%	1,882	3.6%	11.6%
Expense on employee stock based compensation	195	0.4%	54	0.1%	261.1%
Staff welfare expenses	139	0.3%	197	0.4%	-29.4%
Total	35,641	65.2%	34,125	65.2%	4.4%

Total employee benefits expense have increased by 4.4%. In relation to revenues, employee benefits expense has remained the same at 65.2%.

Other expenses

Other expenses comprises 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:

Other expenses	For the year ended March 31,				Increase/ (Decrease) %
	2018		2017		
	₹ in million	% of revenue	₹ in million	% of revenue	
Travel expenses	2,333	4.3%	2,208	4.2%	5.7%
Communication expenses	700	1.3%	752	1.4%	-6.9%
Sub-contractor charges	3,489	6.4%	3,071	5.9%	13.6%
Computer consumables	815	1.5%	825	1.6%	-1.2%
Legal & Professional charges	552	1.0%	512	1.0%	7.8%
Power and fuel	289	0.5%	313	0.6%	-7.7%
Lease rentals	965	1.8%	981	1.9%	-1.6%
Repairs and maintenance					
- Buildings	63	0.1%	57	0.1%	10.5%
- Machinery	53	0.1%	50	0.1%	6.0%
Insurance	81	0.1%	99	0.2%	-18.2%
Rates and taxes	225	0.4%	152	0.3%	48.0%
Other expenses	2,017	3.7%	2,038	3.9%	-1.0%
Total	11,582	21.2%	11,058	21.1%	4.7%

Other expenses have increased by 4.7% as compared to previous year mainly due to increase in travel and sub-contractor charges. These expenses, in relation to revenue, have increased marginally by 0.1% as compared to previous year.

Profitability and Margins

- PAT has grown by 36.2% and as a percentage of revenue, has increased from 8.0% to 10.4% in the current year, mainly on account of:
 - increase in other income mainly due to write back of earnout payable towards acquisition of businesses
 - foreign exchange gain of ₹ 242 million in the current year as compared to a foreign exchange loss of ₹ 136 million in the previous year mainly due to exchange rate movement
- EBITDA has dropped marginally by 0.1% from 13.7% to 13.6% in the current year.
- Our effective tax rate is at 23.20% when compared to 24.57% in the previous year.

Segmental reporting

The Group is structured into four reportable business segments – Retail, CPG and Manufacturing (RCM), Banking, Financial Services and Insurance (BFSI), Technology, Media and Services (TMS) 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 Chief Operating Decision Maker (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. America comprises of United States of America and Canada, Europe includes Continental Europe and United Kingdom; the rest of the world comprises of all other geographies except those mentioned above and India.

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.

₹ in million

Statement of income	For the year ended March 31,	
	2018	2017
Segment revenue from external customers		
RCM	12,689	12,476
BFSI	13,255	12,882
TMS	20,467	19,235
TH	8,217	7,771
Total	54,628	52,364
Segment operating income		
RCM	1,663	1,493
BFSI	1,245	1,153
TMS	3,441	3,671
TH	1,056	864
Total	7,405	7,181
Depreciation and Amortization expense	(1,715)	(1,858)
Profit for the year before finance expenses, other income and tax	5,690	5,323
Finance costs	(169)	(191)
Other income	1,550	449
Interest income	110	104
Foreign exchange gain / (loss)	242	(136)
Net profit before taxes	7,423	5,549
Income taxes	(1,722)	(1,363)
Net profit after taxes	5,701	4,186

Significant changes in Balance Sheet items

- Movement in equity of ₹ 1,643 million is primarily due to the following:
 - Balance in the statement of profit and loss increased from ₹ 22,071 million to ₹ 25,179 million due to current year profits, which is off set by declaration of dividend (including dividend distribution tax) of ₹ 1,742 million.
 - There is an increase in the foreign currency translation reserve due to gain on account of translation of foreign operations of ₹ 146 million.
- Non-current liabilities have decreased to ₹ 94 million as compared to ₹ 314 million in the previous year mainly due to write back of liability towards acquisition of businesses.
- Current liabilities have increased by ₹ 2,036 million mainly due to working capital loan taken from HDFC bank amounting to ₹ 3000 million, increase in advance from customers by ₹ 318 million and increase in employee benefits payable and provisions by ₹ 340 million and ₹ 113 million respectively. This is off set by decrease in commercial paper borrowing (repaid during the year) amounting to ₹ 942 million, write back of earn out of ₹ 916 million during the year and pay out of interim dividend of ₹ 404 million which was outstanding at the end of the previous year.
- Our cash and investments (net of short term borrowings and book over draft) have increased from ₹ 7,399 million as at March 31, 2017 to ₹ 7,476 million as at March 31, 2018, mainly due to cash generated from operations offset by payout of dividend and buy back of shares.
- The Days Sales Outstanding (DSO) as at March 31, 2018 is 67 days as compared to 65 days as at March 31, 2017.

Strengths & Opportunities

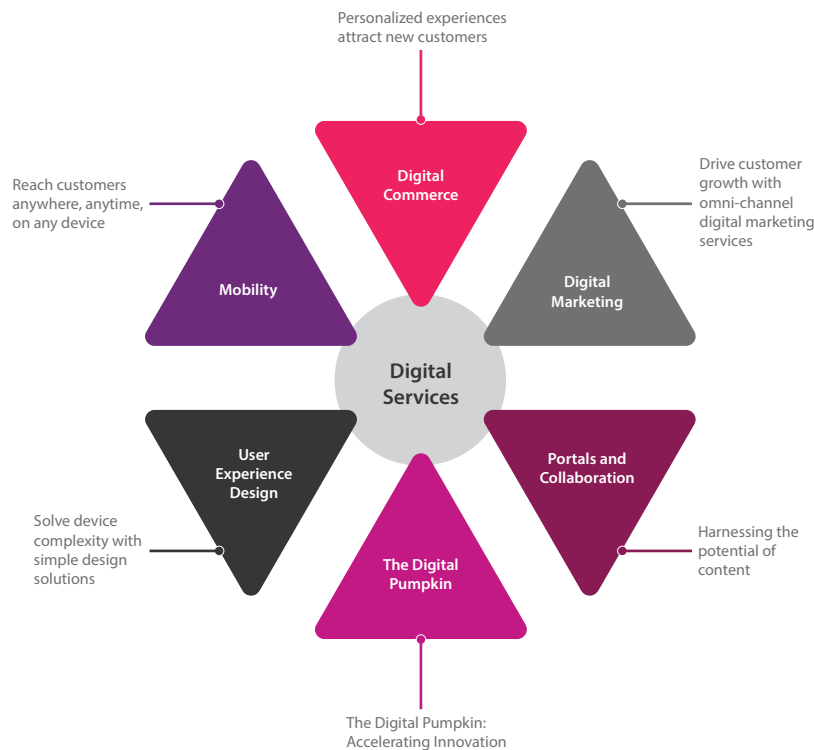
Digital

Digital is disrupting businesses and the way business is conducted across every industry. We are right at the epicenter of the “consumer age”, spoilt for choices in the products and services we consume. Because of that, we as consumers are forcing every business entity to change - to offer that multitude of choices in a simple, ubiquitous and most importantly, in a personalized manner. The rapid changes that businesses will face are coming from three main areas: collaboration, personalization and the shift of power from marketers to consumers.

Digital continues to be great market opportunity for Mindtree for next several years. Mindtree is eager to contribute to the digital revolution happening around and gain greater market share. Mindtree was born digital. Currently, more than third of our revenue is driven by providing digital services and we want to increase it to about 50 percent in 2-3 years. Our company has shown significant strengths in digital service line by enabling its clients to grow their business as well as run it efficiently.

From an IT services industry perspective, Digital business is estimated to touch \$225 billion by 2020 with \$48 billion predicted for Indian IT Services firms. But the excitement stems from the optimistic view that 90% of all incremental spend in the next five years on IT will be on Digital. Our vision is to “Make Businesses digital”. In order to achieve our vision, we have positioned our Digital Business across six areas:

- Digital commerce
- Digital marketing
- Mobility
- User experience design
- Portals and collaborations
- The Digital Pumpkin



Mindtree has also reorganized its team with a focus on faster time to market and turnkey cloud based solutions to make Digital real for our customers.

The Digital Pumpkin is Mindtree’s unique digital innovation hub - an interactive space where multi-disciplinary teams come together to ideate, design and craft meaningful business solutions. In September, 2017 Mindtree opened its first international Digital Pumpkin innovation hub located within its Warren, NJ office. The Warren, NJ location will help Mindtree meet the demands of U.S. based customers looking to access the expertise and platforms offered at the Digital Pumpkin without having to travel internationally. Among some of the most successful technologies that are part of The Digital Pumpkin portfolio include solutions around Internet of Things, Artificial Intelligence, Cognitive Solutions, Virtual & Augmented reality, Machine learning, Conversational, Cloud and Big data.

Automation

Mindtree, being the partner for many of our customers to lead their technology transformation journey to modernize their 'run' and accelerate their 'growth', has made automation as one of our key organizational priorities for the year.

We have made significant progress in our journey saving thousands of hours of effort by means of productivity improvement and expanding our Robotic Process Automation (RPA) engagements to our customers. In this journey, we have also created several Intellectual Property (IP) assets, accelerators, tools and platforms helping our customers and us. We have also been able to implement automation to our own internal processes and increasing efficiency. For example, today our Chat-Bot (named MACI) have addressed over hundred thousand queries for Mindtree minds and we are implementing RPA to transform the processes for our enabling functions.

Looking ahead, we are focusing on 'Industrialization of Automation' to establish automation as an integral part our delivery, change the way we offer our services to our customers and bring in efficiencies up front with our 'Automation First' approach. Our automation specific service offerings will also be expanded. We believe that there is great opportunity in the area of 'Automation Powered Business Process Re-Engineering' resulting in significant optimization and efficiency improvements.

Integrated Services

On June 21, 2017, Mindtree formally introduced Integrated services. The launch aimed to spread awareness amongst Mindtree's customers and social media followers about how in an era, where Digital is dramatically speeding up the pace of doing business, Integrated Services helps IT leaders to run core operations more nimbly while reducing cost and investing more in "grow the business" projects.

Mindtree's CAPE (Composable Automated Platform for Enterprises), which is a customizable plug-and-play platform to integrate the enterprise technology landscape and accelerate the automation journey has undergone multiple enhancements in the past year. Several new tools have been integrated with CAPE. Few of the tools and capabilities integrated are listed below:

- New Added capability to automate Mobile Application deployments
- Enhanced Dev-Ops capabilities by integrating new marquee enterprise grade COTS products with CAPE
- Auto-Scaling and Auto healing capabilities, making the platform micro services ready

Value & Benefits:

- Visualization of the end-to-end value stream at one place, with unified dashboard for meaningful Insights and actions
- Increase in story points delivered per sprint
- Faster feedback loop, lowering waiting time between teams
- Self-service deployments, more autonomous scrum team using workbench automation enabled by CAPE
- Cross-skilling, better utilization of resources – enablement towards full stack engineers

Expert Thinking

Mindtree delivers digital transformation and technology services from ideation to execution, enabling Global 2000 clients to outperform the competition. "Born digital" Mindtree takes an agile, collaborative approach to creating customized solutions across the digital value chain. Our deep expertise in infrastructure and applications management turns IT into a strategic asset.

- Mindtree delivers a holistic approach to cloud transformation—from advisory to build, and from migration to management—that accelerates a company's move to digital business. As an anchor partner, Mindtree delivers:
 - **Strategy:** Mindtree helps identify and assess the key decisions to embark and manage deployment of Cloud to disrupt new business models and revolutionize the customer experience.
 - **Speed:** Mindtree enables companies to quickly migrate to the cloud and scale in a factory-based model, which ensures efficiency and the flexibility to align with business needs.
 - **Next-generation platforms:** Mindtree has developed 12 cloud-native, industry-specific business platforms to enhance productivity, inclusivity and innovation of workforce and partners.
- Mindtree Digital Pumpkin is a collaborative environment that helps clients accelerate digital innovation, conduct primary research and create functional prototypes and pilotable solutions. It offers a multitude of innovative digital solutions, accelerators and tools for clients to access and put into play including Social Analytic Cell, Multi-channel site builder, Distributed Franchise Collaboration System, Consumer Engagement and Loyalty Platform, Virtual Assistant and Instore flash deals solution.
- Zinnov featured Mindtree in the overall leadership zone in its global study of digital service providers. The study evaluated specific service lines where Mindtree has been recognized as a leader in Digital Consulting and Transformation, Design & Experience, Digital Platform Integration and Data Management & Analytics. This positioning reinforces Mindtree's ability to deliver a holistic digital transformation that integrates four key aspects: creating compelling customer experiences, digitizing the back-end value chain, developing sense and respond analytics and shaping innovative business model evolution. The recent acquisitions of Magnet 360, Bluefin Solutions Limited and Relational Solutions Inc. by Mindtree further strengthened its digital capabilities and contributed to its strong rating.

Alliance and Partnerships

Mindtree believes in developing true partnerships. We have industry leading partnership with companies like Adobe, Apigee, Backbase, CenturyLink, Cloudera, DataStax, Denodo, Duck Creek Technologies, eBaoTech, Hortonworks, Hybris, i-exceed, IBM, Informatica, MapR, Microsoft, Murex, Neotys, Oracle, Pega, Rackspace, Salesforce, Sap, ServiceNow, Sitecore, Tableau, Thingworx, Tibco to highlight the few. Some of the major alliances are detailed below.

- Mindtree announces Elevation to Business Partner Status in the Adobe Solution Partner Program: This reflects Mindtree’s specialization in Adobe Experience Manager, part of Adobe Experience Cloud, and its sustained focus to provide clients with comprehensive offerings, leveraging Adobe Experience Cloud for customer experience transformation. This deeper collaboration allows businesses deploying Adobe Experience Cloud to benefit from Mindtree’s strong domain knowledge and legacy back-end systems integration with cutting-edge front-end technologies. This enables rapid deployment of consumer experience systems while optimizing core business systems with an API first approach. Additionally, Mindtree frameworks and accelerators for managing digital marketing operations in an agile factory model delivers personalized experiences and speed to market for a competitive edge.
- Magnet 360 announces ConsumerConnect 360 – a Salesforce Fullforce Solution for Consumer Goods Brands: ConsumerConnect 360 leverages the combined power of the Salesforce Platform to create a unified digital experience. This combined power enables a brand to nurture consumers as they evaluate product options with detailed information and social engagement. Scalable, cutting-edge customer service becomes possible with features allowing customers to open a case, engage in self-service, or search for a socially-connected community solution, all of which drive engagement and retention.
- Mindtree’s ATLAS for SAP to Accelerate Transition to SAP HANA-Powered Digital Platforms: ATLAS for SAP is a Managed Services offering that enables SAP customers to transition seamlessly from “run the business” to “transform the business.” Atlas for SAP facilitates risk-free transition of the SAP application landscape and optimizes operations via automation. The transformation could include an SAP HANA migration, private/ public cloud deployments or an implementation of the new digital core – SAP S/4 HANA. This allows SAP applications to be developed and deployed at a pace in line with business demands of the digital age.
- Startups and Innovation are becoming synonymous today. Customers expect us to bring not only Mindtree’s collective expertise and experience, but all the innovation in the startup ecosystem to deal with the challenges faced and seek newer business opportunities. We see working in an intense manner with the startup ecosystem being critical to deliver on this. Mindtree will strive to create unique partnership model for us to work with the startups in the field of artificial intelligence, machine learning, automation, predictive analytics etc. Mindtree has begun seeing results in these fields especially in areas related to automation.

Customer Centricity

Customer relationships are of utmost importance to an organization and here at Mindtree, we strive to build trust, transparency and flexibility in them. One of the key foundations of these relationships is our continuous and open listening. This helps us identify what our customers need which in turn, enables us to create and deliver value to Customers’ business.

Our annual customer experience survey reflects our commitment to develop deep and engaging relationships with our customers. It clearly shows that our clients have cited our relationships with them, our willingness to go the extra mile and our effectiveness in cost and quality as key differentiators than the industry. Our customer satisfaction scores have considerably improved compared to last three years. CES’18 recorded highest in the last 5 years with significant improvement in all the Key Matrices. This clearly indicates highly positive Client sentiment and we stay committed to taking it to new heights when it comes to Satisfaction, Loyalty, Advocacy & Value for Money.

We strive to get better than what we are today by continually engaging with our customers and third party service providers who help us reflect our customer experience.



Mindtree has always stayed strong by its core values of Collaborative Spirit, Unrelenting Dedication and Expert Thinking. Many of our Customers spread across the geographies and industries have expressed desire to build strategic partnership with Mindtree to define their future technology roadmap. In years to come, Mindtree will continue to stay committed to Customer priorities.

Our Digital focus and strong domain led capabilities help us to leverage emerging trends, take ideas to real life, co-create, collaborate with customers and serve customers’ customer better.

Leadership and Corporate Governance

Our senior management comprises of some of the most seasoned global leaders in the industry from diverse backgrounds, geographies and with different areas of specialization in the IT industry. Their leadership and governance helped us deliver consistent superior performance. Some of the significant recognitions are as follows:

- We have received the SAFA best presented Annual Report Award for 2016 for the communication and information technology sector for transparency, accountability and governance in our Annual Report by South Asian Federation of Accountants.
- We have received Special Commendation for Golden Peacock Award for Excellence in Corporate Governance – 2017 awarded by the Golden Peacock Award Secretariat, Institute of Directors, which is a token of its identification for adopting exemplary Corporate Governance practices.

- Awarded the winner of the Silver Shield for the Annual Report including the financial statements for the year ended 31st March 2017 by the Institute of Chartered Accountants of India (ICAI).
- Named as a leader in Continuous Testing Services in the Digital space by Forrester Research Inc
- Positioned as leader in Application Testing Services by ISG
- Named as a 'Rising Star' for Application Development Services by ISG
- Named a 'Rising Star' in Public Cloud Infrastructure Consulting and Implementation Services, Public Cloud Infrastructure Managed Services and Public Cloud SAP Services by Information Services Group (ISG)
- Mindtree's SAP Practice wins the SAP Gold Quality Award in United Kingdom for workforce planning using SAP Business Planning & Consolidation suite
- Positioned as a leader in the Zinnov Zones for Product Engineering Services 2017
- Named among the Large System Integrators for Agile and DevOps services by Gartner

People focus, learning and high performance culture

While our relentless pursuit of excellence in everything we do as a business organization continues unabated, the primary drivers of this remain the 17000+ Mindtree Minds for whom Integrity, Collaboration, Commitment, Customer Delight & Continuous Learning are not fancy phrases but a way of life.

Our People Practices are revisited frequently with the clear objective of fine-tuning them to suit the ever-changing needs of our workforce – not just the millennials who come in from Top-ranked technology and management institutions globally but also the tenured (3, 5, 10, 15 year ++) and proven performers who deem Mindtree as a Temple of Care, Learning, Growth and Symbiotic Existence. We would like to call out a dozen of the key initiatives driven/co-driven by our People Function in line with our cherished goal of being an expertise-led culture-backed organization:

- **Orchard@Kalinga:** The 3-month intensive learning program for fresh campus hires focuses on emerging/niche technologies while giving weightage to individual preferences. Emphasis on Making Mindtree Agile and creating Full Stack Engineers have given rise to newer stacks and modes of dissemination.
- **Arboretum:** The structured onboarding platform for lateral joiners ensures that all facets of the organization are amply demonstrated through interactive seminars and digital experiences conducted by a team of carefully handpicked Mindtree Minds.
- **Sustainability & Diversity:** An ever-improving gender ratio currently at 30%, public showcasing of work done by differently-abled Mindtree Minds and the ongoing work towards sensitizing Mindtree Minds and the world outside on healthy living, environmental protection etc. are some of the highlights.
- **Succession Planning-EMLP-ETLP:** Successors to incumbents of all critical positions are identified through a thorough planning exercise, and necessary developmental inputs are provided in a structured manner. Also, a very elaborate mechanism of leadership potential identification using performance evaluation reports, 360 degree feedback tool and Korn Ferry assessment of the desired 4 attributes enables us to identify the leaders of tomorrow; who then are put through a rigorous and rewarding leadership development (management/technology) program.
- **Exuberance:** As an extension of our Diversity charter, Top 100 Lady Leaders are identified and put through a structured developmental journey where they study and solve real business cases, work closely with mentors/senior leaders and apply the takeaways back at work.
- **Outstanding Performers / Pillars / LEAD Programs:** Carefully curated R&R initiatives to Mindtree Minds with high performance ratings once and in successive years, and also displaying traits that would make them the leaders of tomorrow.

Headcount

The total number of Mindtree Minds as at March 31, 2018 was 17,723 as against 16,470 as at March 31, 2017.

Threats, Risks and Concerns

A summary of Threats, Risks & Concerns are provided below. For a more detailed view of Mindtree's risk management program, please refer to the Mindtree Risk Management Report.

RISK DESCRIPTION	RISK MANAGEMENT PLAN
MACRO ECONOMIC ENVIRONMENT	
<p><i>Economic uncertainties in our key markets like the United States (U.S.) and Europe can impact demand for IT services.</i></p> <p>Outlook for the Indian information technology (IT) sector is 'cautiously positive' in 2018 as challenges remain amidst prospects of greater IT spending with global and US economies improving, industry body Nasscom said.</p>	<p>Business environment in the US is showing improvement. Large corporations are increasing their IT spend towards digital transformation of their existing business. At Mindtree, we are in the forefront of client's invested areas.</p> <p>Rebuilding our business in Europe has been a priority and is showing better traction due to our leadership attention, new key wins and our focus on stronger markets.</p> <p>We are also aggressively working towards identifying the customers, segments which are less affected by geo-political risks and providing them meaningful solutions.</p>
CLIENT CONCENTRATION	
<p>Mindtree faces the risk of having its revenue concentrated across a few top clients and having larger exposure to client specific risks.</p>	<p>Besides the top client accounts, we are also focusing on strengthening the connect with the leadership team of next set of top clients, which will help us to enhance our wallet share.</p>

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<p>LEGISLATION IMPACTING OUTSOURCING</p> <p><i>We continue to see restrictions on outsourcing from countries like US, UK by increasing visa costs and tightening of visa related norms.</i></p> <p><i>This may impact our business as significant business is derived from these countries.</i></p>	<p>Industry body NASSCOM is continuing its efforts to disseminate the significant benefits of IT outsourcing to governments, administrations and policy makers in the USA and other geographies.</p> <p>We believe such legislative changes requires multiple level of concurrences and therefore may not take its full form of proposed intent.</p> <p>For Mindtree, such measures are not expected to have a significant impact on our margins as we are well entrenched in our clients businesses.</p> <p>We continue to evaluate different business models to improve the onsite/offshore delivery mix, further enhancements to global development centers, and significantly engaging with clients to provide a holistic value proposition.</p>
<p>COMPETITION RISK</p> <p><i>Mindtree risks losing business to larger players in the industry or emerging challengers.</i></p> <p><i>We primarily face competition from Indian as well as international companies and captive off shore centers. Given the dynamics of our industry, Mindtree faces the risks of competitors coming up with new offerings to challenge our market share and growth. In addition, there may be challenges posed by different business models offered by competitors.</i></p>	<p>In addition to maintaining our focus on core verticals, we have made significant investments in the Digital Business. Every industry is going through a disruptive transformation due to connected and "always on" consumers and changing global demographics that seek convenience and simplicity. Our clients are looking to Mindtree as their partner-of-choice for Digital Transformation all the way from innovation to rapid execution. In addition, our clients also want to use the "as-a-service" model to leverage our unique IP and expertise with our own offerings. The new Digital Business group will play a key role in our future growth.</p> <p>These efforts will be complemented by additional investments to strengthen our marketing, sales and account management teams.</p>
<p>PRICING PRESSURES</p> <p><i>In a highly competitive environment we may face margin pressures.</i></p> <p><i>Such pressures may be due to customers having tough expectations on pricing or due to tactical movements on the part of our competitors to gain market share.</i></p>	<p>We are focusing on delivering transformative solutions that are changing how businesses work, especially in the area of Digital Business. Such higher value and differentiated services combined with our deep domain expertise in our core business areas should help us manage pressures on pricing.</p> <p>Traditional business is getting commoditized and we are looking into newer ways of engaging with customers like offering integrated solutions. We are also focusing on increasing productivity to be in the forefront of the next wave of IT transformation.</p>
<p>FOREIGN CURRENCY RATE FLUCTUATIONS</p> <p><i>A major portion of our revenues are in foreign currencies and a significant portion of our expenses are in Indian Rupees.</i></p> <p>The exchange rate between the Indian Rupee and the U.S. Dollar as well as other currencies has been very volatile in recent years and may continue similarly in future. Our operating results are impacted by fluctuations in the exchange rate between the Indian Rupee and the U.S. Dollar and other foreign currencies.</p>	<p>Mindtree has a formal Board-approved hedging strategy which is reviewed periodically. Judiciously hedging against adverse foreign exchange exposures helps to minimize the impact of exchange fluctuations. We continue to maintain a prudent and balanced forex management policy which we expect will help us manage this risk appropriately.</p> <p>We are continuing to monitor the macro-economic scenario with special regard to any decision by the Federal Reserve Bank to raise US interest rates and impact of Brexit on GBP.</p>
<p>COMPLIANCE RISKS</p> <p><i>Adherence to laws, regulations and local statutes across the globe is a challenge to any IT company today</i></p> <p>Every country has its own law with respect to immigration, travel, Environment Health and Safety (EHS), social security, privacy, data protection etc. that needs a detailed assessment and compliance. There is a risk of non – compliance in the geographies where we operate in, due to changing regulations and hence we need to be updated on various regulatory changes from time to time.</p> <p>Data Privacy laws across the globes is evolving, especially in the European continent with introduction of GDPR (General Data Protection Regulations) with significant fines for non-compliances. There is risk of non-compliance for us as data controller as well as data processor, which is passed on from customers, vendors or our employees. We need to make organizational level changes to current data handling methodology and train our employees and customers in adhering to best data privacy practices.</p>	<p>Mindtree has a dedicated in-house Compliance team which manages this activity. We also engage with specialist consultants across the globe, who support us in adhering to country-specific compliance and regulatory requirements. Compliance content is periodically updated with the help of specialist consultants on a quarterly basis.</p> <p>We have formed a dedicated data privacy team with members from a cross functional team and project teams working to roll out the Data Privacy framework to be compliant with GDPR.</p>

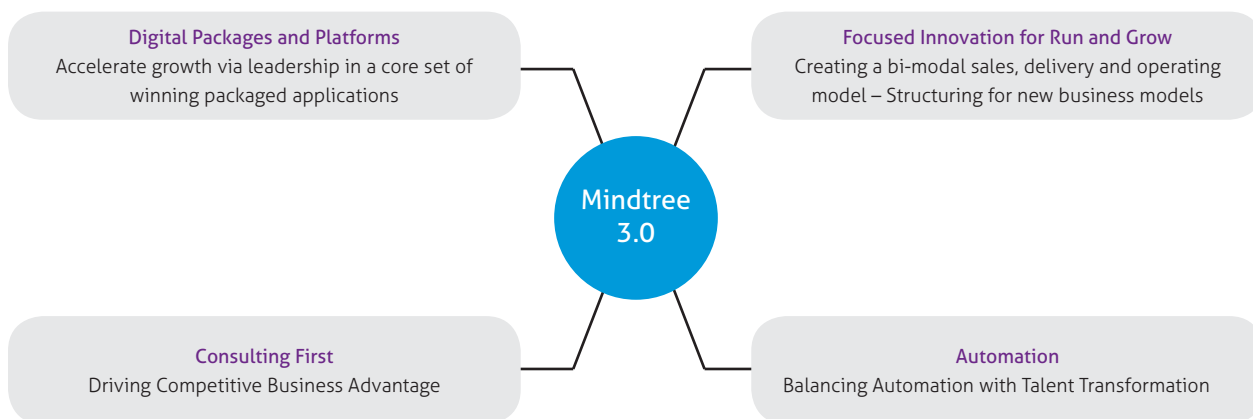
RISK DESCRIPTION	RISK MANAGEMENT PLAN
<p>BUSINESS CONTINUITY RISKS</p> <p><i>Mindtree may be vulnerable to hazard risks</i></p> <p>Recent events in Bangalore/ Chennai have shown the potential of hazards to impact business operations and even pose a risk to employee safety.</p>	<p>Mindtree has a comprehensive Business Continuity Management (BCM) program that addresses disruptions at floor level, building level, city level and country level. In addition, Mindtree also has a detailed Disaster Recovery Plan (DRP) to minimize the impact of infrastructure outages. The BCM framework includes infrastructure redundancy, intra/inter-city recovery sites, work-from-home and split-site operations. Critical corporate infrastructure has been moved to the cloud to provide additional resilience.</p> <p>External vendor was engaged to review the BCP plan for the Organization and to in-corporate industry best practices. Mindtree has also defined Crisis Management Team which has representation from all the key stakeholders with defined roles and responsibilities.</p>
<p>CYBER SECURITY RISK</p> <p><i>Cyber Risk has emerged as a top risk across industries as organizations are moving to newer areas of engagement such as social, mobile computing, cloud computing.</i></p> <p>Cyber risk is now firmly at the top of the international agenda as high-profile breaches raise fears that hacking attacks and other security failures could endanger the global economy.</p>	<p>Mindtree has a strong Incident Resolution and Prevention Process. The purpose of this process is to ensure timely and effective resolution of reported incidents. It also ensures that preventive mechanisms are placed appropriately thereby strengthening IT infrastructure.</p> <p>Mindtree leverages leading industry standard controls to secure its IT infrastructure environment. Some of the preventive measures in place are Intrusion Prevention System enabled perimeter firewalls, content filtering gateways, encryption for laptops and critical data at rest, regular software patching etc. Mindtree also conducts periodic internal and external audits.</p>
<p>RISK OF INTELLECTUAL PROPERTY RIGHTS (IPR) INFRINGEMENTS</p> <p><i>IP rights are violated when a software protected by IP laws is copied or otherwise used without having the proper authorization, permission from the person who owns those rights.</i></p> <p>Failure to address the problem could lead to legal case & can also cause huge reputational loss to an organization.</p>	<p>Mindtree has taken a number of steps to increase the awareness level of Mindtree Minds by means like mandatory learning modules on IPR, executive communication, engaging messaging and presentations to senior managers.</p> <p>Mindtree has also implemented third party tools to monitor any IP infringements.</p>

Our strategy

Our strategy of achieving industry leading growth through deep domain expertise in our chosen verticals combined with technology depth, customized for our clients remain the same.

An enviable client list and a fantastic leadership team are two clear advantage areas for Mindtree and we intend to leverage them to engineer meaningful technology solutions to help businesses and societies flourish.

We continue to focus on four strategic pillars which will enable Mindtree to establish market leadership and provide industry leading returns to our stakeholders:



Outlook

Our continuing strategic investments in expertise for Domain, Digital and Run are clearly recognized by the market which led to end the year on a strong note with revenues of \$846.8 million, a growth of 8.6%. We have once again exceeded industry estimates for the 5th year in a row and also consistently beating industry growth rates in 9 out of 11 years since our IPO. With a steady pipeline, optimistic demand environment and improvement in win ratios, we are poised for a stronger revenue growth in FY 19 compared to FY 18.