

Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Shareholder report

Second quarter ended September 30, 2019

October 22, 2019

Dear Shareholder,

I am delighted to share that we have achieved broad based growth across all our verticals and geographies for Q2. Our revenue is at USD 271 Mn with a growth of 2.6% q-o-q and 10.0% y-o-y in \$ terms. This is a clear indication of our growth strategy and robust relationship with our clients, employees and partners there by giving us confidence to continue growth momentum for FY 20.

Driving profitability continues to be our priority. Q2 profitability has been in line with our commitment to demonstrate improvement QoQ. EBITDA margin increased by 32.7% QoQ to USD 35.2Mn. Our EBITDA to operating cash flow and free cash flow conversion is healthy at 67.3% and 53.9% respectively.

The board of directors at its meeting held on October 16, 2019 have recommended an interim dividend of 30% (₹ 3 per equity share of par value ₹ 10 each)

We thank you for your continued support and encouragement.

Key highlights and summary financial results of the quarter are provided in the next section.

Warm regards,



Debashis Chatterjee
CEO and Managing Director



Pradip Menon
CFO



Key financial highlights:

Quarter ended September 30, 2019

- In USD:
 - Revenue at \$271.0 million (growth of 2.6% q-o-q / 10.0% y-o-y)
Constant Currency growth of 3.2% q-o-q / 11.1% y-o-y
 - Net profit at \$19.2 million (growth of 43.5% q-o-q/ decline of 34.1% y-o-y)

- In INR:
 - Revenue at ₹ 19,143 million (growth of 4.4% q-o-q / 9.1% y-o-y)
 - Net profit at ₹ 1,350 million (growth of 45.6% q-o-q / decline of 34.6% y-o-y)

Other highlights:

- Clients:
 - 343 active clients as of September 30, 2019
 - \$5 million clients grew by 1, total 47

- People:
 - 21,267 Mindtree Minds as of September 30, 2019
 - Trailing 12 months attrition is 16.5%

- 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 700 BOTs employed as of September 30, 2019

**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:

New Clients:

- Mindtree to provide Cloud migration and platform engineering initiatives for a large technology company that empowers modern digital government with the latest in cloud technology to connect millions of people with multiple government agencies on a single platform across the globe
- Mindtree has been awarded strategic engagement with the largest P2P FinTech in North American region. Client to leverage Mindtree's expertise with manage services to run the business, and with product development in a DevOps-focused development and operations to enable faster time to market
- Mindtree has been chosen as a Digital Partner for a leading global IT solutions provider to enhance their customer experience through digital transformation services

Existing Clients:

- Mindtree has been empaneled to provide “Analytic Services” to help client draw actionable insights in terms of strategic planning for an existing global leader in computer software and technology
- Mindtree to provide Application management services and full range of Enterprise Service life cycle support for an existing large cargo company based in Europe

- Recognition:

- Mindtree named US Leader and Global Rising Star in Consulting and Services in the ISG Provider Lens™: Transformational IoT Services – Technology, Solutions, Platforms, and Industries 2019 Quadrant Report
- Mindtree named US Rising Star in Connected Cars in the ISG Provider Lens™: Transformational IoT Services – Technology, Solutions, Platforms, and Industries 2019 Quadrant Report

- Mindtree named Leader for the Managed Services Archetype (mid-sized deal focus) in the ISG Provider Lens™ Private/Hybrid Cloud Data Center Services & Solutions 2019 Quadrant Report
- Mindtree named UK Leader in SAP Leonardo Transformation, SAP BW/4 on HANA and BW on HANA Transformation & Operations, SAP S/4HANA & Business Suite on HANA Transformation, and SAP S/4HANA & Business Suite on HANA Managed Services in the ISG Provider Lens™ SAP Hana & Leonardo Ecosystem Partners 2019 Quadrant Report
- Mindtree named Leader, Nordics in SAP Leonardo Transformation, SAP BW/4 on HANA and BW on HANA Transformation & Operations, and SAP S/4HANA & Business Suite on HANA Managed Services in the ISG Provider Lens™ SAP Hana & Leonardo Ecosystem Partners 2019 Quadrant Report
- Mindtree named Rising Star USA in SAP BW/4 on HANA and BW on HANA Transformation & Operations in the ISG Provider Lens™ SAP Hana & Leonardo Ecosystem Partners 2019 Quadrant Report
- Mindtree named Rising Star Global in SAP Cloud Platform Support Services in the ISG Provider Lens™ SAP Hana & Leonardo Ecosystem Partners 2019 Quadrant Report
- Mindtree has been awarded the prestigious Mother Teresa Award for Corporate Citizen in recognition for its industry leading practices in driving social impact



Extract of the audited consolidated financial results for the quarter and six months ended September 30, 2019

Particulars	Rs in million, except per share data					
	Quarter ended			Six months ended		Year ended
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
Revenue from operations	19,143	18,342	17,554	37,485	33,949	70,215
Other income, net	197	220	524	417	803	893
Total income	19,340	18,562	18,078	37,902	34,752	71,108
Expenses						
Employee benefits expense	12,647	12,532	11,171	25,179	21,566	44,212
Finance costs (refer note 5)	138	130	1	268	29	29
Depreciation and amortisation expense (refer note 5)	707	669	403	1,376	803	1,641
Other expenses	4,014	3,969	3,684	7,983	7,374	15,358
Total expenses	17,506	17,300	15,259	34,806	29,772	61,240
Profit before tax	1,834	1,262	2,819	3,096	4,980	9,868
Tax expense						
Current tax (refer note 7)	592	354	834	946	1,481	2,456
Deferred tax	(108)	(19)	(78)	(127)	(146)	(129)
Net profit for the period	1,350	927	2,063	2,277	3,645	7,541
Other comprehensive income:						
A. (i) Items that will not be reclassified to profit or loss	(44)	(35)	(3)	(79)	(48)	(86)
(ii) Income tax relating to items that will not be reclassified to profit or loss	11	8	-	19	11	21
B. (i) Items that will be reclassified to profit or loss	(49)	-	139	(49)	260	262
(ii) Income tax relating to items that will be reclassified to profit or loss	17	-	-	17	-	-
Total other comprehensive income	(65)	(27)	136	(92)	223	197
Total comprehensive income for the period	1,285	900	2,199	2,185	3,868	7,738
Paid up equity share capital (face value Rs. 10/- each)	1,646	1,645	1,642	1,646	1,642	1,642
Reserves	28,455	31,888	28,690	28,455	28,690	31,419
Earnings per share (EPS):						
Basic EPS (Rs.)	8.20	5.64	12.57	13.85	22.22	45.94
Diluted EPS (Rs.)	8.20	5.64	12.55	13.85	22.18	45.85

AUDITED SEGMENT REVENUE AND RESULTS

Particulars	Rs in million					
	Quarter ended			Six months ended		Year ended
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
Segment revenue						
Retail, CPG and Manufacturing	4,150	4,077	3,818	8,227	7,600	15,660
Banking, Financial Services and Insurance	4,136	3,953	3,924	8,089	7,579	15,472
High Technology and Media	7,612	7,226	6,892	14,838	13,262	27,586
Travel and Hospitality	3,245	3,086	2,920	6,331	5,508	11,497
Total	19,143	18,342	17,554	37,485	33,949	70,215
Segment results						
Retail, CPG and Manufacturing	664	575	578	1,239	1,193	2,579
Banking, Financial Services and Insurance	468	190	222	658	343	628
High Technology and Media	1,016	892	1,409	1,908	2,673	5,810
Travel and Hospitality	334	184	490	518	800	1,628
Total	2,482	1,841	2,699	4,323	5,009	10,645
Unallocable						
Expenses	707	669	403	1,376	803	1,641
Finance costs	138	130	1	268	29	29
Other income	197	220	524	417	803	893
Profit before tax	1,834	1,262	2,819	3,096	4,980	9,868

Key Financial Metrics & Ratios

(₹ million)	Q2 FY2019	Q1 FY2020	Q2 FY2020	Growth (%)	
				Q-o-Q	Y-o-Y
Revenue	17,554	18,342	19,143	4.4%	9.1%
EBITDA	2,699	1,841	2,482	34.8%	(8.0)%
Net Profit	2,063	927	1,350	45.6%	(34.6)%
Diluted EPS (Rs.)	12.55	5.64	8.20	45.4%	(34.6)%

(\$ million)	Q2 FY2019	Q1 FY2020	Q2 FY2020	Growth (%)	
				Q-o-Q	Y-o-Y
Revenue	246.4	264.2	271.0	2.6%	10.0%
EBITDA	38.0	26.5	35.2	32.7%	(7.3)%
Net Profit	29.1	13.4	19.2	43.5%	(34.1)%

Key Ratios	Q2 FY2019	Q1 FY2020	Q2 FY2020
EBITDA Margin (%)	15.4%	10.0%	13.0%
Effective Tax Rate (%)	26.8%	26.6%	26.4%
Net Profit Margin (%)	11.8%	5.1%	7.1%
ROCE (%)	37.6%	15.4%	21.0%
DSO (Days)	68	66	66

Effective Tax Rate = Tax / PBT

ROCE = EBIT / Average Capital Employed. ROCE is annualized

Note:

This report along with more information on our quarterly results is also available in the investors section of our website (www.mindtree.com). This report is for information purposes. Investors should rely on their own analysis while taking investment decisions and not rely on this report alone.

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

For more information, please contact investors@mindtree.com

Safe Harbor:

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause our actual results to differ materially from those in such forward-looking statements. 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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