



Mindtree

## Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings release

First quarter ended June 30, 2017

July 19, 2017

*Welcome to possible*

## Contents

1. Press Release	3
2. Key Financial Metrics	6
3. Key Ratios	6
4. Key Revenue Metrics	7
5. Effort and Utilization	8
6. Key Client Metrics	8
7. Key Employee Metrics	9
8. Infrastructure	9
9. Statutory Financials	10

## Earnings Conference Call for Analysts / Investors

### July 19, 2017 (6:30 PM IST)

Primary Number: +91 22 3938 1087

(The number listed above is universally accessible from all networks and all countries)

Local Access Number: 3940 3977

Available in - Ahmedabad, Bangalore, Chandigarh, Chennai, Gurgaon (NCR), Hyderabad, Kochi/Cochin, Kolkata, Lucknow, Pune

Accessible from all carriers.

### 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, 2017

+91 22 3065 2322 (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 FY18 Webcast Link](#)



Transcript will be available on [www.mindtree.com](http://www.mindtree.com) after July 24, 2017

## A milestone quarter: Mindtree's revenue crosses \$200 million

**Bangalore (India) and Warren (NJ), July 19, 2017:** [Mindtree](#), a global Digital transformation and technology services company, announced its consolidated results today for the first quarter June 30, 2017 as approved by its Board of Directors.

“We continue to maintain steady momentum with a strong pipeline and multi-year, multi-million dollar wins.” said **Rostow Ravanan, CEO & Managing Director, Mindtree**. “Our leadership in Digital is allowing Mindtree to compete successfully in large opportunities that are at the core of our client's efforts to grow their businesses. Recognitions by leading industry analysts and deal wins validate our strong positioning for helping our clients with their run-the-business transformations as well.”

### Key financial highlights:

#### *Quarter ended June 30, 2017*

- In USD:
  - Revenue at \$200.1 million (growth of 2.3% q-o-q / 0.6% y-o-y, constant currency growth of 1.2% q-o-q).
  - Net profit at \$18.9 million (growth of 30.8% q-o-q / 2% y-o-y)
- In Rupees:
  - Revenue at ₹ 12,895 million (decline of 2.2% q-o-q / 2.9% y-o-y)
  - Net profit at ₹ 1,217 million (growth of 25.2% q-o-q / decline of 1.5% y-o-y)

### Other highlights:

- Clients:
  - 336 active clients as of June 30, 2017
  - \$5 million clients grow by 3 for a total of 33
  - \$1 million clients grow by 2 for a total of 113
- People:
  - 16,561 Mindtree Minds as of June 30, 2017
  - Trailing 12 months attrition is 14%

- Multi-year and multi-million dollar wins with leading global clients:
  - Building end-to-end digital transformational capability for a leading outsourcing and technology services provider in the travel industry
  - Providing managed services across multiple platforms for a leading semiconductor company
  - Implementing Duck Creek products for policy, billing and claims systems for a large property and casualty insurance company

### **About Mindtree**

Mindtree [NSE: 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. At the same time, our deep expertise in infrastructure and applications management helps optimize your IT into a strategic asset. Whether you need to differentiate your company, reinvent business functions or accelerate revenue growth, we can get you there. Visit [www.mindtree.com](http://www.mindtree.com) to learn more.

### **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.*



Visit us at [www.mindtree.com](http://www.mindtree.com). For more information, contact:

#### INDIA

Ankita Dubey

Mindtree

+91 78991 69001

[ankita.dubey@mindtree.com](mailto:ankita.dubey@mindtree.com)

#### UNITED STATES

Andrea Dunbeck

Matter Communications

978-518-4555

[adunbeck@matternow.com](mailto:adunbeck@matternow.com)

#### EUROPE

Imogen Nation

Hotwire

+4420 7608 4675

[imogen.nation@hotwirepr.com](mailto:imogen.nation@hotwirepr.com)

Mindtree Limited, Global Village, RVCE Post, Mysore Road, Bangalore-560059;  
CIN: L72200KA1999PLC025564; Phone: + 91 80 6706 4000; Fax: +91 80 6706 4100;  
E-mail: [info@mindtree.com](mailto:info@mindtree.com)/[investors@mindtree.com](mailto:investors@mindtree.com); Website: [www.mindtree.com](http://www.mindtree.com)

## Key Financial Metrics

₹ million	Q1	Q4	Q1	Growth (%)	
	FY2017	FY2017	FY2018	Q-o-Q	Y-o-Y
Revenue	13,276	13,181	12,895	(2.2)%	(2.9)%
EBITDA	1,951	1,869	1,435	(23.2)%	(26.4)%
Net Profit	1,235	972	1,217	25.2%	(1.5)%
Diluted EPS (Rs.)	7.35	5.77	7.23	25.3%	(1.6)%

\$ million	Q1	Q4	Q1	Growth (%)	
	FY2017	FY2017	FY2018	Q-o-Q	Y-o-Y
Revenue	199.0	195.6	200.1	2.3%	0.6%
EBITDA	29.2	27.7	22.3	(19.7)%	(23.9)%
Net Profit	18.5	14.4	18.9	30.8%	2.0%

Rupee Dollar Rate	Q1	Q4	Q1
	FY2017	FY2017	FY2018
Period Closing rate	67.52	64.85	64.58
Period Average rate	66.72	67.38	64.43

Hedges outstanding at 30-June-17		
Currency	Value	Avg. Rate/INR
USD	31.0	65.25
EURO	3.0	73.19
GBP	2.0	84.68

Total hedges outstanding in USD terms is 37M at an average INR rate of 65.32. These are fair value hedges expiring within 30-Sept-17.

## Key Ratios

Key Ratios	Q1	Q4	Q1
	FY2017	FY2017	FY2018
EBITDA Margin (%)	14.7%	14.2%	11.1%
Effective Tax Rate (%)	24.3%	22.8%	23.5%
Net Profit Margin (%)	9.3%	7.4%	9.4%
ROCE (%)	26.9%	19.8%	23.8%
DSO (Days)	65	65	57

Effective Tax Rate = Tax / PBT

ROCE = EBIT / Average Capital Employed. ROCE is annualized

### Key Performance Highlights

- Digital Business: Best ever contract signings of \$108Mn; Revenue growth of 9.3% q-o-q; 6.7% y-o-y
- BFSI grows 4.1% q-o-q; Technology, Media & Services grows 3.5% q-o-q; IMTS grows 5.7% q-o-q
- Best ever DSO of 57 days; Strong Cash flow conversions, EBITDA to operating cash flow conversion at 132.6% and to free cash flow is at 108.8%

## Key Revenue Metrics

Revenue by Geography	Q1 FY 2017	Q4 FY 2017	Q1 FY 2018
US	66.7%	69.8%	69.6%
Europe	23.1%	20.8%	21.1%
India	3.1%	2.8%	3.0%
Rest of the World	7.1%	6.6%	6.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue by Industry	Q1 FY 2017	Q4 FY 2017	Q1 FY 2018
Technology, Media and Services	36.1%	37.5%	37.9%
BFSI	24.9%	24.7%	25.1%
Retail, CPG & Manufacturing	24.1%	23.0%	22.7%
Travel & Hospitality	15.0%	14.9%	14.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue by Service Offering	Q1 FY 2017	Q4 FY 2017	Q1 FY 2018
Development	22.7%	21.4%	22.6%
Engineering	9.8%	9.5%	9.6%
Maintenance	17.3%	18.3%	19.0%
Consulting	4.1%	4.0%	3.4%
Package Implementation	13.9%	12.6%	11.5%
IP Led Revenue	1.0%	1.3%	1.1%
Independent Testing	12.8%	12.5%	11.8%
Infrastructure Management & Tech Support	18.4%	20.4%	21.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Digital	<b>39.9%</b>	<b>39.6%</b>	<b>42.3%</b>

Revenue by Project Type	Q1 FY 2017	Q4 FY 2017	Q1 FY 2018
Fixed Cost, Fixed Monthly	48.7%	52.8%	52.9%
Time & Materials	51.3%	47.2%	47.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue Mix	Q1 FY 2017	Q4 FY 2017	Q1 FY 2018
<b>Effort</b>			
Onsite	22.9%	24.4%	23.2%
Offshore	77.1%	75.6%	76.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Revenue</b>			
Onsite	59.5%	60.5%	58.0%
Offshore	40.5%	39.5%	42.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Effort and Utilization

Metrics	Q1 FY 2017	Q4 FY 2017	Q1 FY 2018	Growth (%)	
				Q-o-Q	Y-o-Y
<b>Billed Hours</b>					
Onsite	1,387,455	1,440,240	1,423,605	(1.2)%	2.6%
Offshore	4,681,805	4,469,309	4,703,810	5.2%	0.5%
<b>Total</b>	<b>6,069,260</b>	<b>5,909,548</b>	<b>6,127,415</b>	<b>3.7%</b>	<b>1.0%</b>
<b>Fee Revenue (\$ 000)</b>					
Onsite	117,194	117,113	114,859	(1.9)%	(2.0)%
Offshore	79,611	76,457	83,224	8.9%	4.5%
<b>Total</b>	<b>196,805</b>	<b>193,570</b>	<b>198,083</b>	<b>2.3%</b>	<b>0.6%</b>
<b>Utilization</b>					
Including Trainees	71.4%	70.9%	73.2%		
Excluding Trainees	72.0%	72.7%	73.8%		

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

## Key Client Metrics

Metrics	Q1 FY 2017	Q4 FY 2017	Q1 FY 2018
<b>Client Details</b>			
Number of Active clients	343	328	336
New Clients Added	17	20	20
\$1 mn clients	98	111	113
\$5 mn clients	31	30	33
\$10 mn clients	16	16	16
\$25 mn clients	5	4	3
\$50 mn clients	2	1	1
\$100 mn clients	0	1	1

Million Dollar Clients are based on trailing 12 months revenue.

Client Contribution to Revenue	Q1 FY 2017	Q4 FY 2017	Q1 FY 2018
Top Client	13.1%	14.3%	15.3%
Top 5 Clients	29.6%	30.7%	30.1%
Top 10 Clients	42.6%	41.9%	41.5%
Revenue from Repeat Business	98.2%	98.7%	98.3%

Contribution to revenues is based on revenues for the quarter.

Total Contract Value signed(TCV) (USD M)	Q1 FY 2017	Q4 FY 2017	Q1 FY 2018
Renewals	184	135	219
New	36	74	43
<b>Total</b>	<b>220</b>	<b>209</b>	<b>262</b>
Expiring within 1 year	209	182	198
Expiring > 1 year	11	27	64
Digital	93	50	108



### Key Employee Metrics

Mindtree Minds	Q1 FY 2017	Q4 FY 2017	Q1 FY 2018
Total Mindtree Minds	16,110	16,470	16,561
Software Professionals	15,092	15,413	15,441
Sales	247	271	268
Support	771	786	852
Gross Additions	210	914	645
Net Additions	(513)	371	91
Attrition (Last Twelve Months)	16.5%	15.1%	14.0%
Women employees	28%	29%	29%
Nationalities*	48	51	54

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

### Infrastructure

	Completed		Available for Expansion	
	Built up area (sq ft 000)	No. of Seats	Built up area (sq ft 000)	No. of Seats
<b>As of Jun 30, 2017</b>				
Bangalore	1,286	12,923	-	-
Chennai	294	2,680	-	-
Pune	149	1,361	-	-
Hyderabad	93	781	-	-
Bhubaneswar	95	471	-	-
<b>Total</b>	<b>1,917</b>	<b>18,216</b>	-	-

Note: Land available for expansion - 12 acres in Bhubaneswar.

**Audited Consolidated Financial Results for the Quarter ended June 30, 2017 (Rs. in millions, except per share data)**

Particulars	Quarter ended			Year ended
	June 30, 2017	March 31, 2017	June 30, 2016	March 31, 2017
Revenue from operations	12,895	13,181	13,276	52,364
Other income (Refer note 4)	654	133	198	553
<b>Total income</b>	<b>13,549</b>	<b>13,314</b>	<b>13,474</b>	<b>52,917</b>
<b>Expenses</b>				
Employee benefits expense	8,393	8,700	8,366	34,125
Finance costs	40	47	51	191
Depreciation and amortisation expense	459	468	468	1,858
Other expenses	3,067	2,840	2,959	11,194
<b>Total expenses</b>	<b>11,959</b>	<b>12,055</b>	<b>11,844</b>	<b>47,368</b>
<b>Profit before tax</b>	<b>1,590</b>	<b>1,259</b>	<b>1,630</b>	<b>5,549</b>
Tax expense:				
Current tax	385	399	472	1,577
Deferred tax	(12)	(112)	(77)	(214)
<b>Net profit for the period</b>	<b>1,217</b>	<b>972</b>	<b>1,235</b>	<b>4,186</b>
Other comprehensive income:				
A (i) Items that will not be reclassified to profit or loss	6	4	-	(14)
(ii) Income tax relating to items that will not be reclassified to profit or loss	(1)	(1)	-	3
B (i) Items that will be reclassified to profit or loss	115	(237)	(105)	(610)
<b>Total other comprehensive income</b>	<b>120</b>	<b>(234)</b>	<b>(105)</b>	<b>(621)</b>
<b>Total comprehensive income for the period</b>	<b>1,337</b>	<b>738</b>	<b>1,130</b>	<b>3,565</b>
Paid up equity share capital (face value Rs. 10/- each)	1,681	1,680	1,678	1,680
Reserves	25,475	24,091	23,625	24,091
Earnings per share:				
Basic EPS (Rs.)	7.24	5.78	7.36	24.93
Diluted EPS (Rs.)	7.23	5.77	7.35	24.89

**AUDITED SEGMENT WISE REVENUE AND RESULTS**

Particulars	Quarter ended			Year ended
	June 30, 2017	March 31, 2017	June 30, 2016	March 31, 2017
<b>Segment revenue</b>				
Retail, CPG and Manufacturing	2,919	3,032	3,194	12,476
Banking, Financial Services and Insurance	3,235	3,250	3,306	12,882
Technology, Media and Services	4,891	4,939	4,791	19,235
Travel and Hospitality	1,850	1,960	1,985	7,771
<b>Total</b>	<b>12,895</b>	<b>13,181</b>	<b>13,276</b>	<b>52,364</b>
<b>Segment results</b>				
Retail, CPG and Manufacturing	189	330	496	1,493
Banking, Financial Services and Insurance	293	280	356	1,153
Technology, Media and Services	760	953	892	3,671
Travel and Hospitality	193	306	207	864
<b>Total</b>	<b>1,435</b>	<b>1,869</b>	<b>1,951</b>	<b>7,181</b>
<b>Unallocable</b>				
Expenses	459	696	468	1,994
Finance costs	40	47	51	191
Other income	654	133	198	553
<b>Profit before tax</b>	<b>1,590</b>	<b>1,259</b>	<b>1,630</b>	<b>5,549</b>

**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), 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, 2017 (Rs. in millions, except per share data)**

Particulars	As at	
	June 30, 2017	March 31, 2017
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,620	3,809
Capital work in progress	219	192
Goodwill	4,525	4,470
Other intangible assets	1,839	1,941
<b>Financial assets</b>		
Investments	58	58
Loans	671	667
Other financial assets	-	209
Deferred tax assets (net)	616	624
Other non-current assets	1,288	1,326
	<b>12,836</b>	<b>13,296</b>
<b>Current assets</b>		
<b>Financial assets</b>		
Investments	7,652	5,869
Trade receivables	8,076	8,962
Cash and cash equivalents	1,951	2,508
Loans	13	12
Other financial assets	2,722	2,225
Other current assets	921	1,034
	<b>21,335</b>	<b>20,610</b>
<b>TOTAL ASSETS</b>	<b>34,171</b>	<b>33,906</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	1,681	1,680
Other equity	25,475	24,091
	<b>27,156</b>	<b>25,771</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
<b>Financial liabilities</b>		
Borrowings	9	13
Other financial liabilities	35	230
Other non current liabilities	74	71
	<b>118</b>	<b>314</b>
<b>Current liabilities</b>		
<b>Financial liabilities</b>		
Borrowings	986	978
Trade payables	1,462	1,651
Other financial liabilities	1,778	2,638
Other current liabilities	1,134	1,126
Provisions	1,148	1,105
Current tax liabilities (net)	389	323
	<b>6,897</b>	<b>7,821</b>
	<b>7,015</b>	<b>8,135</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>34,171</b>	<b>33,906</b>

**Notes to audited consolidated financial results for the quarter ended June 30, 2017**

- The above results were reviewed by the Audit Committee and thereafter have been adopted by the Board at its meeting held on July 19, 2017.
- During the quarter, the National Company Law Tribunal (NCLT) has approved the Composite Scheme of Amalgamation ("the Scheme") of Discoverture Solutions L.L.C. and Relational Solutions Inc., wholly owned subsidiaries of the Company (together "the Transferor Companies"), with the Company with an appointed date of April 1, 2015. The Company has given effect to the scheme in its standalone financial results. Refer note 2 of the Standalone financial results for the quarter ended June 30, 2017 for details.
- The Board of Directors of the Group at its meeting held on June 28, 2017, has approved buyback of up to 4,320,000 equity shares of Rs 10 each, on a proportionate basis, at a price of Rs 625 per equity share payable in cash for an aggregate consideration of Rs 2,700 million (Rupees Twenty Seven Hundred million only). The record date for the buyback is July 11, 2017.
- During the quarter, the Company entered into a payment resolution agreement with the erstwhile shareholders of one of the subsidiaries. Consequently, Rs 374 million representing liability no longer required and written back has been recognised under other income.
- EPS for the quarter ended June 30, 2017 is not annualized.
- Audited financial results of Mindtree Limited (Standalone Information)

Particulars	Quarter ended		Year ended	
	June 30, 2017	March 31, 2017	June 30, 2016	March 31, 2017
Revenues	12,028	12,084	12,151	48,066
Profit before tax	1,882	1,429	1,731	6,187
Profit after tax	1,499	1,105	1,332	4,750

Note: The audited results of Mindtree Limited for the above mentioned periods are available in the investors section in [www.mindtree.com](http://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.

- 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:**

Sushanth Pai  
Mindtree Limited  
Sushanth.pai@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.*

*Welcome to possible*