



## Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings release

Third quarter ended December 31, 2017

January 17, 2018

*Welcome to possible*

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## Earnings Conference Call for Analysts / Investors

### January 17, 2018 (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

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### 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 January 31, 2018

+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 Q3 FY18 Webcast Link](#)



Transcript will be available on [www.mindtree.com](http://www.mindtree.com) after January 24, 2018

## Mindtree Reports Third Quarter 2017-18 Results

In USD terms, Net Profit rises 13.8% q-o-q / 44.1% y-o-y;  
Revenue grows 3.9% q-o-q / 11.5% y-o-y

**Bangalore (India) and Warren (NJ), January 17, 2018:** [Mindtree](#), a global Digital transformation and technology services company, announced its consolidated results today for the third quarter ended December 31, 2017 as approved by its board of directors.

Our 'Execute Smart' approach to Delivery continues to bear fruit and contributed to a robust quarter on all fronts. By delivering fast time-to-market for our solutions, we have created even further competitive advantage for our clients." said **Rostow Ramanan, CEO & Managing Director, Mindtree**. "These strong results also reflect our ongoing leadership in Digital, and our unique ability to be the core Digital anchor-partner for next-generation Digital transformations."

### Key financial highlights:

#### *Quarter ended December 31, 2017*

- In USD:
  - Revenue at \$214.3 million (growth of 3.9% q-o-q / 11.5% y-o-y)
  - Net profit at \$22 million (growth of 13.8% q-o-q / 44.1% y-o-y)
  
- In INR:
  - Revenue at ₹ 13,777 million (growth of 3.5% q-o-q / 6.4% y-o-y)
  - Net profit at ₹ 1,415 million (growth of 13.4% q-o-q / 37.2% y-o-y)

### Other highlights:

- Clients:
  - 344 active clients as of December 31, 2017
  
- People:
  - 17,200 Mindtree Minds as of December 31, 2017
  - Trailing 12 months attrition is 12.6%

- Multi-year and multi-million dollar wins with leading global clients:
  - Providing digital transformation, quality assurance and technology operations services for a leading Industry association in the education sector
  - Providing managed services for a leading technology company
  - Anchor Digital partner for an enterprise-wide transformation initiative for a large beauty care company
  - Implementing ShotClasses, Mindtree's employee-training and micro-learning platform, for a leading consumer goods company
  - Migrating SAP ERP and BI solutions to SAP HANA for a large commercial vehicle retailer in the US
  
- Awards and Recognition:
  - Mindtree 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
  - Mindtree positioned as a leader in the Zinnov Zones for Product Engineering Services 2017
  - Mindtree named among the Large System Integrators for Agile and DevOps services by Gartner
  
- Announcements
  - The board of directors at its meeting held on January 17, 2018 have recommended an interim dividend of 20% ( ₹ 2 per equity share of par value ₹ 10 each)



## **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:

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## Key Financial Metrics

(₹ million)	Q3	Q2	Q3	Growth (%)	
	FY2017	FY2018	FY2018	Q-o-Q	Y-o-Y
Revenue	12,953	13,316	13,777	3.5%	6.4%
EBITDA	1,740	1,541	2,074	34.6%	19.2%
Net Profit	1,031	1,247	1,415	13.4%	37.2%
Diluted EPS (Rs.)	6.13	7.44	8.61	15.6%	40.4%

(\$ million)	Q3	Q2	Q3	Growth (%)	
	FY2017	FY2018	FY2018	Q-o-Q	Y-o-Y
Revenue	192.2	206.2	214.3	3.9%	11.5%
EBITDA	25.8	23.9	32.3	35.0%	25.0%
Net Profit	15.3	19.3	22.0	13.8%	44.1%

Rupee Dollar Rate	Q3	Q2	Q3
	FY2017	FY2018	FY2018
Period Closing rate	67.93	65.30	63.83
Period Average rate	67.40	64.57	64.30

Hedges outstanding at 31-Dec-17		
Currency	Value	Avg. Rate/INR
USD	27.0	65.37
EURO	2.5	77.12
GBP	1.5	87.12

Total hedges outstanding in USD terms is 32M at an average ₹ rate of 65.39. These are fair value hedges expiring within 31-Mar-18.

## Key Ratios

Key Ratios	Q3	Q2	Q3
	FY2017	FY2018	FY2018
EBITDA Margin (%)	13.4%	11.6%	15.1%
Effective Tax Rate (%)	25.3%	24.8%	15.2%
Net Profit Margin (%)	8.0%	9.4%	10.3%
ROCE (%)	22.2%	24.1%	24.4%
DSO (Days)	71	64	71

Effective Tax Rate = Tax / PBT

ROCE = EBIT / Average Capital Employed. ROCE is annualized

### Key Performance Highlights

- Travel and Hospitality grew by 9.3%; Retail, CPG and Manufacturing grew by 5.8%, BFSI grew by 3.7%
- Digital business grew 7.1% q-o-q and 24.2% y-o-y; Independent Testing grew by 8.4% q-o-q and 11.7% y-o-y

## Key Revenue Metrics

Revenue by Geography	Q3 FY 2017	Q2 FY 2018	Q3 FY 2018
US	68.7%	67.5%	69.7%
Europe	20.8%	22.8%	20.9%
India	3.1%	3.5%	3.2%
Rest of the World	7.4%	6.3%	6.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue by Industry	Q3 FY 2017	Q2 FY 2018	Q3 FY 2018
Technology, Media and Services	36.7%	37.8%	36.6%
BFSI	24.1%	24.8%	24.8%
Retail, CPG & Manufacturing	24.1%	22.9%	23.3%
Travel & Hospitality	15.1%	14.5%	15.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue by Service Offering	Q3 FY 2017	Q2 FY 2018	Q3 FY 2018
Development	22.3%	23.1%	24.5%
Engineering	9.5%	9.2%	9.1%
Maintenance	17.6%	17.7%	16.6%
Consulting	3.9%	4.0%	4.0%
Package Implementation	12.4%	11.2%	11.3%
IP Led Revenue	1.4%	1.0%	0.9%
Independent Testing	12.6%	12.1%	12.6%
Infrastructure Management & Tech Support	20.3%	21.8%	21.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Digital	<b>39.4%</b>	<b>42.6%</b>	<b>43.9%</b>

Revenue by Project Type	Q3 FY 2017	Q2 FY 2018	Q3 FY 2018
Fixed Cost, Fixed Monthly	52.5%	55.5%	56.4%
Time & Materials	47.5%	44.5%	43.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue Mix	Q3 FY 2017	Q2 FY 2018	Q3 FY 2018
<b>Effort</b>			
Onsite	23.5%	22.8%	22.9%
Offshore	76.5%	77.2%	77.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Revenue</b>			
Onsite	60.2%	57.6%	57.9%
Offshore	39.8%	42.4%	42.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Effort and Utilization

Metrics	Q3 FY 2017	Q2 FY 2018	Q3 FY 2018	Growth (%)	
				Q-o-Q	Y-o-Y
<b>Billed Hours</b>					
Onsite	1,357,257	1,419,828	1,402,667	(1.2)%	3.3%
Offshore	4,426,659	4,816,924	4,713,836	(2.1)%	6.5%
<b>Total</b>	<b>5,783,916</b>	<b>6,236,752</b>	<b>6,116,503</b>	<b>(1.9)%</b>	<b>5.8%</b>
<b>Fee Revenue (\$ 000)</b>					
Onsite	114,075	117,525	122,636	4.3%	7.5%
Offshore	75,556	86,450	89,183	3.2%	18.0%
<b>Total</b>	<b>189,631</b>	<b>203,976</b>	<b>211,818</b>	<b>3.8%</b>	<b>11.7%</b>
<b>Utilization</b>					
Including Trainees	71.3%	73.2%	72.8%		
Excluding Trainees	72.3%	74.6%	74.3%		

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

## Key Client Metrics

Metrics	Q3 FY 2017	Q2 FY 2018	Q3 FY 2018
<b>Client Details</b>			
Number of Active clients	348	327	344
New Clients Added	21	24	28
\$1 mn clients	106	114	114
\$5 mn clients	30	38	37
\$10 mn clients	17	16	15
\$25 mn clients	4	3	3
\$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	Q3 FY 2017	Q2 FY 2018	Q3 FY 2018
Top Client	14.1%	16.1%	16.6%
Top 5 Clients	30.1%	30.1%	31.6%
Top 10 Clients	42.3%	41.9%	43.7%
Revenue from Repeat Business	98.7%	98.7%	98.2%

Contribution to revenues is based on revenues for the quarter.

Total Contract Value signed(TCV) (USD M)	Q3 FY 2017	Q2 FY 2018	Q3 FY 2018
Renewals	170	130	187
New	144	77	57
<b>Total</b>	<b>314</b>	<b>207</b>	<b>244</b>
Expiring within 1 year	234	166	206
Expiring > 1 year	80	41	38
Digital	103	84	132



### Key Employee Metrics

Mindtree Minds	Q3 FY 2017	Q2 FY 2018	Q3 FY 2018
Total Mindtree Minds	16,099	16,910	17,200
Software Professionals	15,068	15,782	16,068
Sales	253	276	273
Support	778	852	859
Gross Additions	470	856	857
Net Additions	(120)	349	290
Attrition (Last Twelve Months)	16.1%	13.0%	12.6%
Women employees	29%	29%	30%
Nationalities*	55	53	55

\*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 Dec 31, 2017</b>				
Bangalore	1,286	12,668	-	-
Chennai	294	2,680	-	-
Pune	149	1,361	-	-
Hyderabad	93	812	-	-
Bhubaneswar	95	437	-	-
<b>Total</b>	<b>1,917</b>	<b>17,958</b>	-	-

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

**Audited Consolidated Financial Results for the Quarter and Nine Months ended December 31, 2017**

(₹ in millions, except per share data)

Particulars	Quarter ended			Nine months ended		Year ended March 31, 2017
	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016	
Revenue from operations	13,777	13,316	12,953	39,988	39,183	52,364
Other income, net (Refer note 6)	59	598	144	1,311	512	553
<b>Total income</b>	<b>13,836</b>	<b>13,914</b>	<b>13,097</b>	<b>41,299</b>	<b>39,695</b>	<b>52,917</b>
<b>Expenses</b>						
Employee benefits expense	8,946	9,001	8,533	26,340	25,425	34,125
Finance costs	46	25	46	111	144	191
Depreciation and amortisation expense	419	454	459	1,332	1,390	1,858
Other expenses	2,757	2,774	2,680	8,598	8,446	11,194
<b>Total expenses</b>	<b>12,168</b>	<b>12,254</b>	<b>11,718</b>	<b>36,381</b>	<b>35,405</b>	<b>47,368</b>
<b>Profit before tax</b>	<b>1,668</b>	<b>1,660</b>	<b>1,379</b>	<b>4,918</b>	<b>4,290</b>	<b>5,549</b>
Tax expense (Refer note 2):						
Current tax	158	455	335	998	1,178	1,577
Deferred tax	95	(42)	13	41	(102)	(214)
<b>Net profit for the period</b>	<b>1,415</b>	<b>1,247</b>	<b>1,031</b>	<b>3,879</b>	<b>3,214</b>	<b>4,186</b>
Other comprehensive income:						
A. (i) Items that will not be reclassified to profit or loss	7	(32)	5	(19)	(18)	(14)
(ii) Income tax relating to items that will not be reclassified to profit or loss	(1)	6	-	4	4	3
B. Items that will be reclassified to profit or loss	(59)	32	(46)	88	(373)	(610)
<b>Total other comprehensive income</b>	<b>(53)</b>	<b>6</b>	<b>(41)</b>	<b>73</b>	<b>(387)</b>	<b>(621)</b>
<b>Total comprehensive income for the period</b>	<b>1,362</b>	<b>1,253</b>	<b>990</b>	<b>3,952</b>	<b>2,827</b>	<b>3,565</b>
Paid up equity share capital (face value Rs. 10/- each)	1,639	1,639	1,680	1,639	1,680	1,680
Reserves	24,241	23,569	24,162	24,241	24,162	24,091
Earnings per share:						
Basic EPS (Rs.)	8.63	7.46	6.14	23.31	19.15	24.93
Diluted EPS (Rs.)	8.61	7.44	6.13	23.26	19.11	24.89

**AUDITED SEGMENT WISE REVENUE AND RESULTS**
*Rs in million*

Particulars	Quarter ended			Nine months ended		Year ended March 31, 2017
	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016	
<b>Segment revenue</b>						
Retail, CPG and Manufacturing	3,210	3,123	3,116	9,252	9,444	12,476
Banking, Financial Services and Insurance	3,413	3,288	3,122	9,936	9,632	12,882
Technology, Media and Services	5,049	4,971	4,757	14,911	14,296	19,235
Travel and Hospitality	2,105	1,934	1,958	5,889	5,811	7,771
<b>Total</b>	<b>13,777</b>	<b>13,316</b>	<b>12,953</b>	<b>39,988</b>	<b>39,183</b>	<b>52,364</b>
<b>Segment results</b>						
Retail, CPG and Manufacturing	553	366	343	1,108	1,163	1,493
Banking, Financial Services and Insurance	390	234	222	917	873	1,153
Technology, Media and Services	853	771	920	2,384	2,718	3,671
Travel and Hospitality	278	170	255	641	558	864
<b>Total</b>	<b>2,074</b>	<b>1,541</b>	<b>1,740</b>	<b>5,050</b>	<b>5,312</b>	<b>7,181</b>
<b>Unallocable</b>						
Expenses	419	454	459	1,332	1,390	1,994
Finance costs	46	25	46	111	144	191
Other income	59	598	144	1,311	512	553
<b>Profit before tax</b>	<b>1,668</b>	<b>1,660</b>	<b>1,379</b>	<b>4,918</b>	<b>4,290</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 and Nine Months ended December 31, 2017**  
 (₹ in millions, except per share data)

Particulars	As at	
	December 31, 2017	March 31, 2017
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,244	3,809
Capital work in progress	326	192
Goodwill	4,505	4,470
Other intangible assets	1,598	1,941
Financial assets		
Investments	58	58
Loans	724	667
Other financial assets	-	209
Deferred tax assets (net)	456	624
Other non-current assets	1,595	1,326
	<b>12,506</b>	<b>13,296</b>
<b>Current assets</b>		
Financial assets		
Investments	7,484	5,869
Trade receivables	10,373	8,962
Cash and cash equivalents	1,217	2,508
Loans	39	12
Other financial assets	2,773	2,225
Other current assets	811	1,034
	<b>22,697</b>	<b>20,610</b>
<b>TOTAL ASSETS</b>	<b>35,203</b>	<b>33,906</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	1,639	1,680
Other equity	24,241	24,091
	<b>25,880</b>	<b>25,771</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
Borrowings	9	13
Other financial liabilities	-	230
Other non current liabilities	86	71
	<b>95</b>	<b>314</b>
<b>Current liabilities</b>		
Financial liabilities		
Borrowings	2,491	978
Trade payables	1,494	1,651
Other financial liabilities	2,057	2,638
Other current liabilities	1,787	1,126
Provisions	1,159	1,105
Current tax liabilities (net)	240	323
	<b>9,228</b>	<b>7,821</b>
	<b>9,323</b>	<b>8,135</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>35,203</b>	<b>33,906</b>

**Notes to audited consolidated financial results for the quarter and nine months ended December 31, 2017**

- The above results were reviewed by the Audit Committee and thereafter have been adopted by the Board at its meeting held on January 17, 2018.
- Tax expense for the quarter and nine months ended December 31, 2017 is net of reversals of Rs 249 million on submission of tax filings.
- The Board of Directors at its meeting held on January 17, 2018 has recommended an interim dividend of 20% (Rs 2 per equity share of par value Rs 10 each).
- EPS for the quarter and nine months ended December 31, 2017 is not annualized.
- Audited financial results of Mindtree Limited (Standalone Information)

Particulars	Quarter ended		Nine months ended		Year ended March 31, 2017
	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2016	
Revenues	13,442	13,037	12,456	38,969	50,396
Profit before tax	1,815	1,930	1,453	5,362	5,844
Profit after tax	1,568	1,521	1,105	4,336	4,460

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.

- During the six months ended September 30, 2017, the Company has written back earn out payable towards acquisition of business to the erstwhile shareholders of Bluefin Solutions Limited and Magnet 360 LLC amounting to Rs 677 million.
- 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.



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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*