



Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings release

Third quarter ended December 31, 2018

January 16, 2019

Welcome to possible

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Earnings Conference Call for Analysts / Investors

January 16, 2019 (6:30 PM IST)

Primary Number: +91 22 6280 1157
+91 22 7115 8058

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

Local Access Number: +91-70456 71221
Available all over India.

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, 2019
+91 22 71945757 +91 22 66635757 (Playback id: 31187#)

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 FY19 Webcast Link](#)

Transcript will be available on www.mindtree.com after January 21, 2019

Mindtree Q3 Revenue crosses quarter billion dollar mark In USD terms, Revenue grows 2.1% q-o-q / 17.4% y-o-y

Bangalore (India) and Warren (NJ), January 16, 2019: [Mindtree](#), a global technology services and Digital transformation company, announced its consolidated results today for the third quarter ended December 31, 2018 as approved by its board of directors.

“Our consulting first approach combined with deep technology and domain expertise are helping our clients drive enterprise-wide transformations.” **Rostow Ravanan, CEO & Managing Director, Mindtree.** “This has also helped us win several recognitions from industry analysts for our capabilities and sustain our growth momentum even in a seasonally weak quarter. Our continuous investments in our people further strengthens our ability to create sustainable value for all stakeholders.”

Key financial highlights:

Quarter ended December 31, 2018

- In USD:
 - Revenue at \$ 251.5 million (growth of 2.1% q-o-q / 17.4% y-o-y)
Constant Currency growth of 2.4% q-o-q
 - Net profit at \$ 26.9 million (decline of 7.5% q-o-q / growth of 22.2% y-o-y)
- In INR:
 - Revenue at ₹ 17,872 million (growth of 1.8% q-o-q / 29.7% y-o-y)
 - Net profit at ₹ 1,912 million (decline of 7.3% q-o-q / growth of 35.1% y-o-y)

Other highlights:

- Clients:
 - 340 active clients as of December 31, 2018
 - \$1 million clients grow by 5, total of 116
- People:
 - 19,908 Mindtree Minds as of December 31, 2018
 - Trailing 12 months attrition is 13.4%

- 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 518 BOTs employed as of December 31st, 2018

**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:
 - Providing testing services under managed services model for a leading low cost Canadian airline
 - Expanding its foot print within an existing customer, Mindtree to provide digital services for a large American airline
 - Providing application management and support services for SAP suite of applications for a specialized manufacturing company in Europe
 - Providing digital transformational services for a leading insurance company in the Middle East
- Recognition:
 - Recognized as an IoT Technology Services Leader in the Zinnov Zones 2018 IoT Technology and Services report
 - Recognized as a leader in Engineering R&D services in the Zinnov Zones 2018 ER&D Services report
 - Recognized as Rising Star US and Global in the ISG Provider Lens™ Cloud Transformation/ Operation Services & XaaS Quadrant report
 - Recognized as a Leader in the Zinnov Zones 2018 Digital Services in Travel & Hospitality report
- Announcements
 - The board of directors at its meeting held on January 16, 2019 have recommended an interim dividend of 30% (₹ 3 per equity share of par value ₹ 10 each)

- During the quarter ended December 31, 2018, the National Company Law Tribunal (NCLT) approved the Scheme of Amalgamation (“the Scheme”) of Magnet 360, LLC (“Magnet”), wholly-owned subsidiary of the Company (“the Transferor Company”), with the Company with an appointed date of April 1, 2017. Refer Note 36 of the standalone financial statements for the period ended December 31, 2018 for details.



About Mindtree

Mindtree [NSE: MINDTREE] is a global IT consulting and services company which helps clients across 17 countries achieve business agility, competitive edge, and growth. We harness the power of Continuous Delivery, our digital expertise, industry knowledge, and research in emerging technologies to drive efficiencies and enable business innovation for over 340 clients.

Mindtree is consistently regarded as one of the best places to work. This is a reflection of our entrepreneurial, collaborative and dedicated “Mindtree Minds” who embody the winning culture that defines our commitment to excellence, innovation, and co-creation.

To learn more about us, visit www.mindtree.com or follow us @Mindtree_Ltd

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.

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Key Financial Metrics

₹ million	Q3	Q2	Q3	Growth (%)	
	FY2018	FY2019	FY2019	Q-o-Q	Y-o-Y
Revenue	13,777	17,554	17,872	1.8%	29.7%
EBITDA	2,074	2,699	2,833	5.0%	36.6%
Net Profit	1,415	2,063	1,912	(7.3)%	35.1%
Diluted EPS (Rs.)	8.61	12.55	11.62	(7.4)%	35.0%

(\$ million)	Q3	Q2	Q3	Growth (%)	
	FY2018	FY2019	FY2019	Q-o-Q	Y-o-Y
Revenue	214.3	246.4	251.5	2.1%	17.4%
EBITDA	32.3	38.0	39.9	5.1%	23.7%
Net Profit	22.0	29.1	26.9	(7.5)%	22.2%

Rupee Dollar Rate	Q3	Q2	Q3
	FY2018	FY2019	FY2019
Period Closing rate	63.83	72.50	69.56
Period Average rate	64.30	71.23	71.06

Hedges outstanding at 31-Dec-18		
Currency	Value Mn	Avg. Rate/INR
USD	47.0	71.48
EURO	0.5	85.56

Total hedges outstanding in USD terms is 47.5M at an average ₹ rate of 71.53. These are fair value hedges expiring within 31-Mar-19.

Key Ratios

Key Ratios	Q3	Q2	Q3
	FY2018	FY2019	FY2019
EBITDA Margin (%)	15.1%	15.4%	15.9%
Effective Tax Rate (%)	15.2%	26.8%	13.8%
Net Profit Margin (%)	10.3%	11.8%	10.7%
ROCE (%)	24.4%	37.6%	28.7%
DSO (Days)	71	68	71

Effective Tax Rate = Tax / PBT

ROCE = EBIT / Average Capital Employed. ROCE is annualized

Key Performance Highlights

- Retail, CPG & Manufacturing grew by 4.7% q-o-q / 12.3% y-o-y; Hi-Tech & Media grew by 2.3% q-o-q / 26.1% y-o-y; Travel and Hospitality grew by 2.1% q-o-q / 27.9% y-o-y
- Digital business grew by 5.1% q-o-q and 32.4% y-o-y; IMTS grew by 2% q-o-q; 30.5% y-o-y
- \$1 million clients grew by 5, taking the count to 116

Key Revenue Metrics

Revenue by Geography	Q3 FY 2018	Q2 FY 2019	Q3 FY 2019
US	69.7%	73.6%	73.4%
Europe	20.9%	18.7%	18.7%
India	3.2%	3.3%	3.6%
Rest of the World	6.2%	4.4%	4.2%
Total	100.0%	100.0%	100.0%

Revenue by Industry	Q3 FY 2018	Q2 FY 2019	Q3 FY 2019
Hi-Tech & Media*	36.6%	39.3%	39.4%
BFSI	24.8%	22.4%	21.7%
Retail, CPG & Manufacturing	23.3%	21.7%	22.3%
Travel & Hospitality	15.3%	16.7%	16.7%
Total	100.0%	100.0%	100.0%

*Earlier called Technology, Media & Services

Revenue by Service Offering	Q3 FY 2018	Q2 FY 2019	Q3 FY 2019
Application, Development & Maintenance	50.2%	50.8%	50.7%
Consulting	4.0%	3.1%	3.2%
Package Implementation	11.3%	8.8%	9.0%
IP Led Revenue	0.9%	0.8%	0.8%
Independent Testing	12.6%	13.1%	12.8%
Infrastructure Management & Tech Support	21.1%	23.4%	23.4%
Total	100.0%	100.0%	100.0%
Digital	43.9%	48.1%	49.5%

Revenue by Project Type	Q3 FY 2018	Q2 FY 2019	Q3 FY 2019
Fixed Cost, Fixed Monthly	56.4%	56.1%	56.0%
Time & Materials	43.6%	43.9%	44.0%
Total	100.0%	100.0%	100.0%

Effort and Utilization

Metrics	Q3 FY 2018	Q2 FY 2019	Q3 FY 2019	Growth (%)	
				Q-o-Q	Y-o-Y
Billed Hours					
Onsite	1,402,667	1,665,289	1,662,898	(0.1)%	18.6%
Offshore	4,713,836	5,803,089	5,721,424	(1.4)%	21.4%
Total	6,116,503	7,468,378	7,384,322	(1.1)%	20.7%
Fee Revenue (\$ 000)					
Fee Revenue	211,818	242,196	247,237	2.1%	16.7%
Utilization					
Including Trainees	72.8%	74.5%	74.6%		
Excluding Trainees	74.3%	76.5%	76.4%		

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

Key Client Metrics

Metrics	Q3 FY 2018	Q2 FY 2019	Q3 FY 2019
Client Details			
Number of Active clients	344	341	340
New Clients Added	28	18	23
\$1 mn clients	114	111	116
\$5 mn clients	37	44	44
\$10 mn clients	15	21	21
\$25 mn clients	3	4	4
\$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 2018	Q2 FY 2019	Q3 FY 2019
Top Client	16.6%	20.2%	20.0%
Top 5 Clients	31.6%	33.8%	33.8%
Top 10 Clients	43.7%	44.8%	44.1%

Contribution to revenues is based on revenues for the quarter.

Total Contract Value signed(TCV) (USD M)	Q3 FY 2018	Q2 FY 2019	Q3 FY 2019
Renewals	187	222	184
New	57	49	72
Total	244	271	256
Expiring within 1 year	206	198	212
Expiring > 1 year	38	73	44
Digital	132	162	136

Key Employee Metrics

Mindtree Minds	Q3 FY 2018	Q2 FY 2019	Q3 FY 2019
Total Mindtree Minds	17,200	19,402	19,908
Software Professionals	16,068	18,214	18,713
Sales	273	243	257
Support	859	945	938
Gross Additions	857	1,126	1,214
Net Additions	290	412	506
Attrition (Last Twelve Months)	12.6%	13.0%	13.4%
Lady Mindtree Minds	30%	30%	31%
Nationalities*	55	62	65

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

BOTs*	-	484	518
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*A BOT is defined as a software that acts autonomously, free from any interference, human or otherwise, to perform a significant task which will otherwise be performed by a human.

This is a new metric introduced effective Q4FY18

Audited Consolidated Financial Results for the Quarter and Nine Months Ended December 31, 2018

(₹ in millions, except per share data)

Particulars	Quarter ended			Nine months ended		Year ended March 31, 2018
	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	
Revenue from operations	17,872	17,554	13,777	51,821	39,988	54,628
Other income, net (Refer note 8)	(200)	524	59	603	1,311	1,902
Total income	17,672	18,078	13,836	52,424	41,299	56,530
Expenses						
Employee benefits expense	11,142	11,171	8,946	32,708	26,340	35,641
Finance costs	-	1	46	29	111	169
Depreciation and amortisation expense	410	403	419	1,213	1,332	1,715
Other expenses	3,897	3,684	2,757	11,271	8,598	11,582
Total expenses	15,449	15,259	12,168	45,221	36,381	49,107
Profit before tax	2,223	2,819	1,668	7,203	4,918	7,423
Tax expense						
Current tax (Refer note 9)	263	834	158	1,744	998	1,555
Deferred tax	48	(78)	95	(98)	41	167
Net profit for the period	1,912	2,063	1,415	5,557	3,779	5,701
Other comprehensive income:						
A. (i) Items that will not be reclassified to profit or loss	(31)	(3)	7	(79)	(19)	(23)
(ii) Income tax relating to items that will not be reclassified to profit or loss	8	-	(1)	19	4	5
B. Items that will be reclassified to profit or loss	2	139	(59)	262	88	146
Total other comprehensive income	(21)	136	(53)	202	73	128
Total comprehensive income for the period	1,891	2,199	1,362	5,759	3,852	5,829
Paid up equity share capital (face value Rs. 10/- each)	1,642	1,642	1,639	1,642	1,639	1,639
Reserves	30,008	28,690	24,241	30,008	24,241	25,775
Earnings per share:						
Basic EPS (Rs.)	11.64	12.57	8.63	33.87	23.31	34.39
Diluted EPS (Rs.)	11.62	12.55	8.61	33.80	23.26	34.28

AUDITED SEGMENT WISE REVENUE AND RESULTS

Particulars	Quarter ended			Nine months ended		Year ended March 31, 2018
	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	
Segment revenue						
Retail, CPG and Manufacturing	3,984	3,818	3,210	11,584	9,252	12,689
Banking, Financial Services and Insurance	3,878	3,924	3,413	11,457	9,936	13,255
High Technology and Media	7,034	6,892	5,049	20,296	14,911	20,467
Travel and Hospitality	2,976	2,920	2,105	8,484	5,889	8,217
Total	17,872	17,554	13,777	51,821	39,988	54,628
Segment results						
Retail, CPG and Manufacturing	712	578	553	1,905	1,108	1,663
Banking, Financial Services and Insurance	101	222	390	444	917	1,245
High Technology and Media	1,577	1,409	853	4,250	2,384	3,441
Travel and Hospitality	443	490	278	1,243	641	1,056
Total	2,833	2,699	2,074	7,842	5,050	7,405
Unallocable						
Expenses	410	403	419	1,213	1,332	1,715
Finance costs	-	1	46	29	111	169
Other income	(200)	524	59	603	1,311	1,902
Profit before tax	2,223	2,819	1,668	7,203	4,918	7,423

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), High Technology and Media (Hi-tech) (erstwhile 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, 2018

(₹ in millions, except per share data)

Particulars	As at	
	December 31, 2018	March 31, 2018
ASSETS		
Non-current assets		
Property, plant and equipment	3,550	3,509
Capital work in progress	119	92
Goodwill	4,732	4,539
Other intangible assets	1,294	1,520
Financial assets		
Investments	310	58
Loans	678	751
Deferred tax assets (Net)	357	318
Other non-current assets	1,821	1,547
	12,861	12,334
Current assets		
Financial assets		
Investments	8,110	7,206
Trade receivables	13,364	10,155
Cash and cash equivalents	1,626	3,289
Loans	122	17
Other financial assets	2,186	3,081
Other current assets	1,748	1,283
	27,156	25,031
TOTAL ASSETS	40,017	37,365
EQUITY AND LIABILITIES		
Equity		
Equity share capital	1,642	1,639
Other equity	30,008	25,775
	31,650	27,414
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	5	9
Other non current liabilities	101	85
	106	94
Current liabilities		
Financial liabilities		
Borrowings	-	3,000
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	1	8
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,133	1,702
Other financial liabilities	2,395	1,812
Other current liabilities	1,754	1,802
Provisions	1,480	1,218
Current tax liabilities (Net)	498	315
	8,261	9,857
	8,367	9,951
TOTAL EQUITY AND LIABILITIES	40,017	37,365

Notes to audited consolidated financial results for the quarter and nine months ended December 31, 2018

- The above results were reviewed by the Audit Committee and thereafter have been adopted by the Board at its meeting held on January 16, 2019.
- The Board of Directors, at its meeting held on January 16, 2019, have declared an interim dividend of 30%. (Rs 3 per equity share of par value Rs 10 each).
- The Nomination and Remuneration Committee and the Board of Directors of the Company, at their meeting held on October 17, 2018, approved and recommended reappointment of N.S. Parthasarathy as Executive Vice Chairman for a period commencing from January 01, 2019 to January 31, 2021 and the same is approved by shareholders through Postal Ballot on December 17, 2018.
- The Nomination and Remuneration Committee and the Board of Directors of the Company, at their meeting held on October 17, 2018, approved and recommended reappointment of Apurva Purohit as Independent Director for a second term of five years commencing from January 01, 2019 to December 31, 2023 and the same is approved by shareholders through Postal Ballot on December 17, 2018.
- During the quarter ended December 31, 2018, the National Company Law Tribunal (NCLT) approved the Scheme of Amalgamation ("the Scheme") of Magnet 360, LLC ("Magnet"), wholly-owned subsidiary of the Company ("the Transferor Company"), with the Company with an appointed date of April 1, 2017. Refer Note 36 of the standalone financial statements for the period ended December 31, 2018 for details.

6 Audited financial results of Mindtree Limited (Standalone Information)

Particulars	Quarter ended			Nine months ended		Year ended March 31, 2018
	December 31, 2018	September 30, 2018	December 31, 2017	December 31, 2018	December 31, 2017	
Revenues	17,872	17,554	13,777	51,821	39,988	54,628
Profit before tax	2,224	2,818	1,667	7,203	4,917	7,421
Profit after tax	1,913	2,062	1,414	5,557	3,878	5,699

Note: The audited results of Mindtree Limited for the above mentioned periods are available in the investors section in 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.

- Effective April 1, 2018, the Group has adopted Ind AS 115 'Revenue from Contracts with Customers'. The application of Ind AS 115 did not have any material impact on the financial statements of the Group.
- During the quarter and nine months ended December 31, 2017 and year ended March 31, 2018, the Group has written back earn outs payable towards acquisition of business amounting to Rs 65 million, Rs 742 million and Rs 916 million respectively.
- Tax expense for the quarter and nine months ended December 31, 2018 and the comparative periods are after considering the tax reversal arising pursuant to the Scheme of Amalgamation of the Company's wholly-owned subsidiaries.
- EPS for the interim periods are not annualized.
- 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:

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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