



Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings release

Fourth quarter ended March 31, 2019

April 17, 2019

Welcome to possible

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Earnings Conference Call for Analysts / Investors

April 17, 2019 (5:30 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 April 30, 2019
+91 22 71945757 +91 22 66635757 (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 Q4 FY19 Webcast Link](#)

Transcript will be available on www.mindtree.com after April 22, 2019

A momentous 20th year with historic \$1B revenue A stellar quarter with 4.2% q-o-q /15.8% y-o-y

Bangalore (India) and Warren (NJ), April 17, 2019: [Mindtree](#), a global technology services and Digital transformation company, announced its consolidated results today for the fourth quarter ended March 31, 2019 as approved by its board of directors.

“Mindtree has delivered exceptional performance for both the fourth quarter and the full fiscal year as we cross the historic \$1B milestone. Over the course of two decades our strategy of being expertise-led and backed by a unique culture continues to help us attract world class people and create customer successes.” **Rostow Ravanan, CEO & Managing Director, Mindtree.** “ Our ability to consistently grow significantly faster than the sector is a reflection of the investments we have made to align with technology trends disrupting our industry. We are well-poised to continue delivering industry leading returns for all our stakeholders, the best is yet to come”.

Key financial highlights:

Quarter ended March 31, 2019

- In USD:
 - Revenue at \$ 262.0 million (growth of 4.2% q-o-q / 15.8% y-o-y)
Constant Currency growth of 3.9% q-o-q
 - Net profit at \$ 28.2 million (growth of 5.0% q-o-q / growth of 0.3% y-o-y)

- In INR:
 - Revenue at ₹ 18,394 million (growth of 2.9% q-o-q / 25.6% y-o-y)
 - Net profit at ₹ 1,984 million (growth of 3.8% q-o-q / growth of 8.9% y-o-y)

Other highlights:

- Clients:
 - 349 active clients as of March 31, 2019
 - \$10 million clients grew by 2, total of 23
 - \$5 million clients grew by 1, total of 45
 - \$1 million clients grew by 4, total of 120

- People:
 - 20,204 Mindtree Minds as of March 31, 2019
 - Trailing 12 months attrition is 14.2%

- 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 576 BOTs employed as of March 31, 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:

Existing clients

- For a large hospitality company, Mindtree extended its Digital presence into cloud migration services
- For a leading multinational paints and coatings company, Mindtree is chosen as a Digital Partner to provide Digital service operations and support services

New clients

- For a leading sports retailer, Mindtree is chosen as a Digital partner for their e-commerce platform covering both applications and infrastructure services for end to end support
- Mindtree is awarded its largest Salesforce AMS contract to date by a leading tobacco giant. Under this contract Mindtree was chosen to provide support services for their Salesforce applications
- Mindtree is chosen as an automation solution partner for an industry leader in revenue integrity for healthcare provider organizations to bring efficiency in their business processes
- Mindtree is chosen as a strategic engineering partner for a leading web hosting company to provide sustainment and support services

- Recognition:
 - Mindtree has been placed on The Best of The Global Outsourcing 100® list by the International Association of Outsourcing Professionals (IAOP)

- Mindtree recognized as an Innovator in Avasant's Applied Intelligence and Advanced Analytics Services RadarView™ Report
- The Zinnov Zones for Digital Services Report names Mindtree an overall Leader, as well as a Leader in the following sub segments:
 - Digital Strategy & Consulting
 - Application and Platform Development
 - UI/ UX & Customer Experience
 - Legacy Modernization
 - Deployment & Integration
 - Data Analytics & AI
 - Infra & Managed Services
- The 2019 ISG Provider Lens™ SIAM/ITSM Quadrant Report names Mindtree a Rising Star USA in Service Operation and Delivery
- Mindtree named Leader for Digital Transformation and Leveraging Packaged Software Platforms archetypes in the 2018 ISG Provider Lens™ Next-gen ADM Services Archetype Report
- Mindtree named Leader for Legacy Transformation and Cloud-first Transformation in the 2018 ISG Provider Lens™ Digital Business Transformation Archetype Report
- Announcements
 - The Board of Directors, at its meeting held on April 17, 2019, have declared an interim dividend of 30% (Rs 3 per equity share of par value Rs 10 each). The Board of Directors have also recommended a Final Dividend of 40% (Rs. 4 per equity share of face value of Rs. 10 each) for the financial year ended March 31, 2019 and a special dividend of 200% (Rs. 20 per equity share of face value of Rs 10 each) to celebrate the twin achievements of exceeding USD 1 billion annual revenue milestone and 20th anniversary of the Company which are subject to the approval of Shareholders.



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 349 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)	Q4	Q3	Q4	Growth (%)	
	FY2018	FY2019	FY2019	Q-o-Q	Y-o-Y
Revenue	14,640	17,872	18,394	2.9%	25.6%
EBITDA	2,355	2,833	2,803	(1.1)%	19.0%
Net Profit	1,822	1,912	1,984	3.8%	8.9%
Diluted EPS (Rs.)	11.08	11.62	12.05	3.7%	8.8%

(\$ million)	Q4	Q3	Q4	Growth (%)	
	FY2018	FY2019	FY2019	Q-o-Q	Y-o-Y
Revenue	226.2	251.5	262.0	4.2%	15.8%
EBITDA	36.4	39.9	39.9	0.0%	9.7%
Net Profit	28.2	26.9	28.2	5.0%	0.3%

Rupee Dollar Rate	Q4	Q3	Q4
	FY2018	FY2019	FY2019
Period Closing rate	65.11	69.56	69.18
Period Average rate	64.73	71.06	70.22

Hedges outstanding at 31-Mar-19		
Currency	Value	Avg. Rate/INR
USD	49.5	71.33
EURO	0.5	79.07
GBP	1.0	92.57

Total hedges outstanding in USD terms is 51.4M at an average ₹ rate of 71.28. These are fair value hedges expiring within 28-Jun-19.

Key Ratios

Key Ratios	Q4	Q3	Q4
	FY2018	FY2019	FY2019
EBITDA Margin (%)	16.1%	15.9%	15.2%
Effective Tax Rate (%)	27.3%	13.8%	25.6%
Net Profit Margin (%)	12.4%	10.7%	10.8%
ROCE (%)	34.9%	28.7%	32.9%
DSO (Days)	67	71	70

Effective Tax Rate = Tax / PBT

ROCE = EBIT / Average Capital Employed. ROCE is annualized

Key Performance Highlights

- 2X Industry leading growth for FY 19
- Broad-based growth across all verticals; geographies and customers resulting in revenue growth of 18.3% in FY 19
- In FY 19 - Travel and Hospitality grew by 28.7%; Hi-Tech & Media grew by 24%; Retail, CPG & Manufacturing grew by 13.5%; BFSI grew by 7.4%; Digital business grew by 32.2%
- EBIDTA crossed ₹1,000 Cr in FY 19

Key Revenue Metrics

Revenue by Geography	Q4 FY2018	Q3 FY2019	Q4 FY2019
US	71.0%	73.4%	73.6%
Europe	21.1%	18.7%	18.5%
India	3.2%	3.6%	3.7%
Rest of the World	4.7%	4.2%	4.2%
Total	100.0%	100.0%	100.0%

Revenue by Industry	Q4 FY2018	Q3 FY2019	Q4 FY2019
Hi-Tech & Media*	38.0%	39.4%	39.6%
BFSI	22.7%	21.7%	21.8%
Retail, CPG & Manufacturing	23.5%	22.3%	22.2%
Travel & Hospitality	15.9%	16.7%	16.4%
Total	100.0%	100.0%	100.0%

*Earlier called Technology, Media & Services

Revenue by Service Offering	Q4 FY2018	Q3 FY2019	Q4 FY2019
Application, Development & Maintenance	50.3%	50.7%	51.9%
Consulting	3.9%	3.2%	3.3%
Package Implementation	11.2%	9.0%	8.1%
IP Led Revenue	0.9%	0.8%	1.1%
Independent Testing	12.7%	12.8%	12.3%
Infrastructure Management & Tech Support	21.0%	23.4%	23.3%
Total	100.0%	100.0%	100.0%

Digital	45.0%	49.5%	49.3%
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Revenue by Project Type	Q4 FY2018	Q3 FY2019	Q4 FY2019
Fixed Cost, Fixed Monthly	56.8%	56.0%	55.9%
Time & Materials	43.2%	44.0%	44.1%
Total	100.0%	100.0%	100.0%

Effort and Utilization

Metrics	Q4 FY2018	Q3 FY2019	Q4 FY2019	Growth (%)	
				Q-o-Q	Y-o-Y
Billed Hours					
Onsite	1,504,976	1,662,898	1,714,802	3.1%	13.9%
Offshore	5,088,373	5,721,424	6,084,061	6.3%	19.6%
Total	6,593,349	7,384,322	7,798,863	5.6%	18.3%
Fee Revenue (\$ 000)					
Fee Revenue	223,882	247,237	258,256	4.5%	15.4%

Utilization			
Including Trainees	73.8%	74.6%	75.3%
Excluding Trainees	75.2%	76.4%	77.1%

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

Key Client Metrics

Metrics	Q4 FY2018	Q3 FY2019	Q4 FY2019
Client Details			
Number of Active clients	338	340	349
New Clients Added	23	23	15
\$1 mn clients	118	116	120
\$5 mn clients	38	44	45
\$10 mn clients	17	21	23
\$25 mn clients	4	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	Q4 FY2018	Q3 FY2019	Q4 FY2019
Top Client	17.8%	20.0%	19.8%
Top 5 Clients	32.0%	33.8%	33.2%
Top 10 Clients	43.7%	44.1%	42.9%

Contribution to revenues is based on revenues for the quarter.

Total Contract Value signed(TCV) (USD M)	Q4 FY2018	Q3 FY2019	Q4 FY2019
Renewals	256	184	158
New	42	72	84
Total	298	256	242
Expiring within 1 year	237	212	218
Expiring > 1 year	61	44	23
Digital	102	136	126

Key Employee Metrics

Mindtree Minds	Q4 FY2018	Q3 FY2019	Q4 FY2019
Total Mindtree Minds	17,723	19,908	20,204
Software Professionals	16,595	18,713	19,017
Sales	255	257	256
Support	873	938	931
Gross Additions	1,102	1,214	1,072
Net Additions	523	506	296
Attrition (Last Twelve Months)	12.5%	13.4%	14.2%
Women employees	30%	31%	31%
Nationalities*	59	65	70

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

BOTs*	335	518	576
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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 being introduced effective this quarter

Audited Consolidated Financial Results for the Quarter and Year Ended March 31, 2019 (₹ in millions, except per share data)

Particulars	Quarter ended			Year ended	
	March 31, 2019	December 31, 2018	March 31, 2018	March 31, 2019	March 31, 2018
Revenue from operations	18,394	17,872	14,640	70,215	54,628
Other income, net (Refer note 7)	290	(200)	591	893	1,902
Total income	18,684	17,672	15,231	71,108	56,530
Expenses					
Employee benefits expense	11,504	11,142	9,301	44,212	35,641
Finance costs	-	-	58	29	169
Depreciation and amortisation expense	428	410	383	1,641	1,715
Other expenses	4,087	3,897	2,984	15,358	11,582
Total expenses	16,019	15,449	12,726	61,240	49,107
Profit before tax	2,665	2,223	2,505	9,868	7,423
Tax expense					
Current tax (Refer note 8)	712	263	557	2,456	1,555
Deferred tax	(31)	48	126	(129)	167
Net profit for the period	1,984	1,912	1,822	7,541	5,701
Other comprehensive income:					
A. (i) Items that will not be reclassified to profit or loss	(7)	(31)	(4)	(86)	(23)
(ii) Income tax relating to items that will not be reclassified to profit or loss	2	8	1	21	5
B. Items that will be reclassified to profit or loss	-	2	58	262	146
Total other comprehensive income	(5)	(21)	55	197	128
Total comprehensive income for the period	1,979	1,891	1,877	7,738	5,829
Paid up equity share capital (face value Rs. 10/- each)	1,642	1,642	1,639	1,642	1,639
Reserves	31,419	30,008	25,775	31,419	25,775
Earnings per share:					
Basic EPS (Rs.)	12.08	11.64	11.12	45.94	34.39
Diluted EPS (Rs.)	12.05	11.62	11.08	45.85	34.28

AUDITED SEGMENT REVENUE AND RESULTS

Particulars	Quarter ended			Year ended	
	March 31, 2019	December 31, 2018	March 31, 2018	March 31, 2019	March 31, 2018
Segment revenue					
Retail, CPG and Manufacturing	4,076	3,984	3,437	15,660	12,689
Banking, Financial Services and Insurance	4,015	3,878	3,319	15,472	13,255
High Technology and Media	7,290	7,034	5,556	27,586	20,467
Travel and Hospitality	3,013	2,976	2,328	11,497	8,217
Total	18,394	17,872	14,640	70,215	54,628
Segment results					
Retail, CPG and Manufacturing	674	712	555	2,579	1,663
Banking, Financial Services and Insurance	184	101	328	628	1,245
High Technology and Media	1,560	1,577	1,057	5,810	3,441
Travel and Hospitality	385	443	415	1,628	1,056
Total	2,803	2,833	2,355	10,645	7,405
Unallocable					
Expenses	428	410	383	1,641	1,715
Finance costs	-	-	58	29	169
Other income	290	(200)	591	893	1,902
Profit before tax	2,665	2,223	2,505	9,868	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 Year Ended March 31, 2019 (₹ in millions, except per share data)

Particulars	As at	
	March 31, 2019	March 31, 2018
ASSETS		
Non-current assets		
Property, plant and equipment	3,757	3,509
Capital work in progress	297	92
Goodwill	4,732	4,539
Other intangible assets	1,180	1,520
Financial assets		
Investments	1,200	58
Loans	675	751
Deferred tax assets (Net)	388	318
Other non-current assets	1,889	1,547
	14,118	12,334
Current assets		
Financial assets		
Investments	6,836	7,206
Trade receivables	13,356	10,155
Cash and cash equivalents	2,562	3,289
Loans	123	17
Other financial assets	2,528	3,081
Other current assets	2,267	1,283
	27,672	25,031
TOTAL ASSETS	41,790	37,365
EQUITY AND LIABILITIES		
Equity		
Equity share capital	1,642	1,639
Other equity	31,419	25,775
	33,061	27,414
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	5	9
Other financial liabilities	1	-
Other non current liabilities	173	85
	179	94
Current liabilities		
Financial liabilities		
Borrowings	-	3,000
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	3	8
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,128	1,702
Other financial liabilities	2,434	1,812
Other current liabilities	1,837	1,802
Provisions	1,399	1,218
Current tax liabilities (Net)	749	315
	8,550	9,857
	8,729	9,951
TOTAL EQUITY AND LIABILITIES	41,790	37,365

Notes to audited consolidated financial results for the quarter and year ended March 31, 2019

- The above results were reviewed by the Audit Committee and thereafter have been adopted by the Board at its meeting held on April 17, 2019.
- The Board of Directors, at its meeting held on April 17, 2019, have declared an interim dividend of 30% (Rs 3 per equity share of par value Rs 10 each). The Board of Directors have also recommended a final dividend of 40% (Rs 4 per equity share of par value Rs 10 each) for the financial year ended March 31, 2019 and a special dividend of 200% (Rs 20 per equity share of par value Rs 10 each) to celebrate the twin achievements of exceeding USD 1 billion annual revenue milestone and 20th anniversary of the Company which are subject to the approval of Shareholders.
- As per the arrangement mentioned in the draft letter of offer of Larsen and Toubro Limited (L&T) dated April 02, 2019, received by the Company, the shares held by (a) V. G. Siddhartha, (b) Coffee Day Trading Limited, and (c) Coffee Day Enterprises Limited aggregating to 19.95% of the shares in Mindtree Limited was transferred to SCB Escrow A/C - Project Carnation, Lotus & Marigold.
- 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(a) of the standalone financial statements for the year ended March 31, 2019 for details.
- Audited financial results of Mindtree Limited (Standalone Information)

Particulars	Rs in million					
	Quarter ended			Year ended		
	March 31, 2019	December 31, 2018	March 31, 2018	March 31, 2019	March 31, 2018	
Revenues	18,394	17,872	14,640	70,215	54,628	
Profit before tax	2,664	2,224	2,504	9,867	7,421	
Profit after tax	1,983	1,913	1,821	7,540	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 year ended March 31, 2018, the Group wrote back earnout payable towards acquisition of business amounting to Rs 174 Million and Rs 916 Million respectively.
- Tax expense for the quarter and year ended March 31, 2019 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