

# Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Transcript of analyst call

Third Quarter ended December 31, 2019

January 14, 2020

**Moderator:** Ladies and gentlemen, good day and welcome to the Mindtree Limited Q3 FY20 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing \* then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Amisha Munvar, Head of Investor Relations at Mindtree. Thank you, and over to you, ma'am.

**Amisha Munvar:** Thank you, Leo. Good evening, and a Very Happy New Year to one and all on the call. Thank you for joining the conference call today to discuss Mindtree's financial results for the third quarter ended December 31, 2019.

Today on this call, with us, we have our CEO and MD, Mr. Debashis Chatterjee and our Finance Controller, Mr. Senthil Kumar. We will begin with a brief overview of the company's Q3 performance. After which, we will open the floor for Q&A. The webcast will be in listen-only mode, but you can post the questions. We will take the webcast question once we complete the questions through the conference call mode. Please note that this call is meant only for analysts and investors. In case there is anyone from the media, request you to please disconnect as we just concluded the media briefing before this call.

Before I hand over, let me begin with the safe harbor statement. During the call, we could make forward-looking statements. These statements are considering the environment we see as of today and obviously, carry a risk in terms of uncertainty because of which the actual results could be different. We do not undertake to update those statements periodically. I now hand it over to Mr. Debashis.

**Debashis Chatterjee:** Thank you, Amisha. Good evening, and good morning to everyone on this call. Wishing you all a very Happy and Prosperous New Year.

Mindtree will continue to be a customer-focused organization. We continue to execute our profitable growth strategy, proactively incubate deals by mining strategic clients and nurture a learning-led culture. Q3 performance was in line with our expectations in spite of it being a seasonal quarter. We clocked a revenue of US \$275.2 million, resulting in a growth of 1.5% quarter-on-quarter and 9.4% year-on-year in dollar terms. Our efforts to institutionalize operational excellence and drive profitable growth have resonated well, leading to EBITDA of 15.6% and PAT of 10%.

The highlights of this quarter are as follows. Our current client portfolio continues to show growth momentum. Amongst the verticals, Hi-Tech and Media grew 5.8% and BFSI grew marginally by 0.3%. Amongst geographies, U.S. grew 2.7%, rest of the world grew 1.5% and Europe declined by 2.4%.

Our digital business grew 2.1% quarter-on-quarter and 13.5% year-on-year. Amongst other service lines, ATM and product engineering grew 10.1% quarter-on-quarter and 10.7% year-on-year. IMTS grew 3% quarter-on-quarter and 15.6% year-on-year. Our continued client focus and rationalization of tail accounts have started yielding positive results and is reflecting in our client metrics. For the quarter, we have 320 active customers with the addition of 7 new customers for Q3. Our top 10 clients grew 7.5% quarter-on-quarter and 13.3% year-on-year.

Our recently concluded annual customer experience survey results depict industry-leading scores, indicating our exceptional work in delivering quality services to our customers. This also reinforces customers' continued confidence on Mindtree, post the transition. Our focus on people engagement initiatives continue to make them relevant for the current and emerging ecosystem. We saw more than 2 lakhs 15,000 hours of learning and more than 31,000 courses taken up by Mindtree Minds.

Our employee strength is 21,561 for this quarter with net addition of 294 Minds. Our attrition on LTM basis is at 17.2%. Envisaging the need of being digital differentiator, we launched an Immersive Technologies Experience Centre in collaboration with our anchor partner, PTC, to enhance the customer experience.

Now moving on to other financial highlights for this quarter. Our fee revenues grew by 1.5% quarter-on-quarter, volumes declined by 3.1% and price realization increased by 4.6%. Volumes dropped mainly due to furloughs and leaves. Realization increase is mainly due to some incremental revenue generated with some projects moving from transition to steady state.

Our contractual pricing remains stable. Our EBITDA margin is at 15.6% as compared to 13% in Q2, an increase of 260 basis points, and it is for the following factors: 70 basis points from projects moving from transition to steady state; 140 basis points from operational efficiencies; and 50 basis points from the favorable movement in currency. The effective tax rate is 23.6% as compared to 26.4% in Q2.

PAT margins for this quarter improved to 10% as compared to 7.1% in Q2. In absolute terms, it grew 44.7% quarter-on-quarter. EPS is at Rs. 12, increased by 45.9% on quarter-on-quarter. Our DSO continues to be at 66 days. Our EBITDA to operating cash flow is at 140.5% and EBITDA to free cash flow is at 133.7%. Our utilization, excluding trainees, is at

78% compared to 79% in Q2. Utilization, including trainees, is at 75.9% compared to 77% in Q2. Our contract signings for the quarter are at \$207 billion, out of which renewals were \$128 million, new contracts were \$79 million. Contracts to be executed within 1 year were \$174 million and greater than 1 year were \$33 million. As on 31st December, our cash flow hedge group stood at \$887 million, and on balance sheet, hedges stood at \$76 million.

Let me share some of the new wins for this quarter. Mindtree has been empaneled to provide end-to-end ownership of SAP and Salesforce Application Maintenance and Support Services for a global enterprise supplier of industrial gases. Mindtree has been awarded the contract to provide data centre support including AWS Cloud Operations for a leading retail player in consumer electronics and wireless services. For an existing client, large automotive company in the U.K., Mindtree extended its presence in implementing business intelligence, solution architecture and program delivery across the enterprise CRM portal.

Mindtree will support Digital Marketing Management & Operations for an existing global leader in computer software and technology. Mindtree has been partnered to provide long-term roadmaps and strategic services and digital transformation initiatives for a multinational American personal care corporation.

In terms of outlook, deal traction within our client, current portfolio continues to show momentum, and we foresee deals to close in the coming quarters. On margin outlook, driving profitable growth continues to be our top priority. Q3 profitability has been in line with our commitment to demonstrate improvement on quarter-on-quarter basis. We are confident to expand profitability in the coming quarters as well.

I will now pass this back to the coordinator for opening up for questions.

**Moderator:** Sure. Thank you very much. We will now begin with the question and answer session. The first question is from the line of Shashi Bhusan from Axis Capital. Please go ahead.

**Shashi Bhusan:** Deal closure has been one of the weakest in the recent time for the quarter. Is it a quarterly aberration or do we see some changes in the deal pipeline? And second thing is, do you think the deal win during the quarter can disrupt near-term growth momentum?

**Debashis Chatterjee:** Yes. Thanks, Shashi Bhusan. See, first of all, you have to understand that this is a time of the year when the clients are also formalizing their budgets, so we do see some of the decision-making getting deferred. But we are very hopeful that as we get into the next quarters, we'll have more closures. And what was your second question?

**Shashi Bhusan:** Deal win during the quarter; can it slow down the growth momentum a bit at least in the near term?

- Debashis Chatterjee:** No, I think we continue to see positive deal momentum, and there is good traction within our portfolio, giving us confidence on growth for the full year as well.
- Shashi Bhusan:** And our growth continues to remain top client-centric, so 2 questions regarding that. Do you think we have de-risked the transition risk with the top client? And what are the initiatives that we are taking to diversify the growth?
- Debashis Chatterjee:** Even if you look at the top client, we are well diversified within the top client in terms of the nature of business and the portfolios that we are handling, so we are pretty well diversified. And we are also looking at how do we convert some of the portfolios into annuity business over a period of time. And some of the things that we started in terms of transition within the top client, that's what has fructified in terms of closures, and that's why you see a jump this quarter.
- Shashi Bhusan:** And on the margin performance, which was pretty strong during the quarter, what could be the steady-state margin that the management team might be targeting to achieve or any timeline for the same?
- Debashis Chatterjee:** Well, it's too early to comment on a specific number, but I can only say that it is our endeavor to take the margin up as we go along. And we just want to make sure that the margin that we have achieved is sustainable. Senthil, do you want to add anything?
- Senthil Kumar:** Yes. Sure. So one, the current margin is sustainable and as we committed, we continue to improve the margin on quarter-on-quarter basis. So that has been our aspiration as well as we will reach that. So you'll see a continuous improvement on the margin profile.
- Moderator:** Thank you. The next question is from the line of Abhishek Pathak from Edelweiss Securities. Please go ahead.
- Sandip:** This is Sandip from Edelweiss. Debashis, just want some colour on the digital growth side and also a little bit if you can say how much decline we can expect on the nondigital side or we are almost at the far end of the decline, if you can particularly classify between digital and non-digital, that's number one. Number two, on the margins, we will have some wage pressure going ahead, building all those factors also do you think we can improve margins?
- Debashis Chatterjee:** Actually, I could not catch your second part. The line is pretty bad.
- Sandip:** The first part, you can answer, please?
- Debashis Chatterjee:** Digital. Yes. On the digital, as we reported, the digital portfolio has grown. And I think as we look forward, digital portfolio continues to grow as we go along. I don't think we specifically

see any changes. But if I look at the client portfolios, I think the data, cloud and interactive still seems to be a very strong area in terms of growth. And even many of the engagements that we are doing are all around customer experience.

**Sandip:** Okay. And again on the margin in spite of the wage cut which comes periodically, do you think that margins can better from this range on a quarter-on-quarter basis for next 3, 4 quarters?

**Senthil Kumar:** Yes, sir. So one, the current margin is sustainable. And two, we will continue to improve on a quarter-on-quarter basis. So we are leveraging a lot of levers within operational excellence and SG&A. So we see good traction on this. So we will see the margin profile.

**Moderator:** Thank you. The next question is from the line of Mukul Garg from Haitong Securities. Please go ahead.

**Mukul Garg:** DC, just wanted to dig a bit deeper into the margin improvement during the quarter, especially the 150 basis points from operational efficiency. You have added employees this quarter, but still the employee cost has seen a decline on an absolute term. So if you can just help us with the steps you are taking to kind of optimize the employee cost? And similarly, on the SG&A side, that has been declining for almost last 2 years. At what level do you think it will stabilize?

**Debashis Chatterjee:** Yes. So as I said that we have called out that there are certain levers, certain initiatives we took on. And I'll let Senthil kind of get into some specifics on your question.

**Senthil Kumar:** Thanks, DC. So Mukul, if you look our current margin improvements on the quarter, predominantly 140 basis points came from the operational excellence. So when you look at the operational excellence, we have broadly 2 levers, one on the revenue and the cost lever, which predominantly like we look offshoring, the kind of pyramid structure, what we have and the utilization parameters. And on the pricing, we have right price for right tools. So these are the levers which broadly available for us to increase the margin profile. On the SG&A, we are very cautious on the discretionary spend. And we are cautious on some of the spend. If you see year-on-year as well as quarter-on-quarter, we continue to ensure that SG&A as a percentage to revenues will come down. So these are the levers, which will continue to improve our margin profile in the next few quarters.

**Mukul Garg:** Senthil, if I just ask a follow-up on the employee cost side. On the pyramid optimization, so does this mean that you are kind of reducing middle and senior level management and kind of optimizing through more entry-level positioning? Or was there an impact of variable cost also in this quarter?

- Senthil Kumar:** Yes. If you look, Mukul, we have continued to add our Campus Minds in the last few years. So it's been adding the pyramid structure more efficient as well as it ensures that we can deliver the revenue at a right level of margin profile. So it's been our long-term effort on reducing the employee average cost as well as employee expenses is being getting implemented. So we'll continue to see such kind of metrics as improving.
- Mukul Garg:** Got it. And Debashis, my second question was on the beyond top 10 clients. There was a meaningful decline this quarter on a Q-o-Q basis, and we also see that your overall client base has shrunk by almost 23 clients. Are these 2 events correlated? Is there some tail account cutting which is happening? If you can just elaborate a bit.
- Debashis Chatterjee:** Yes. I mean, as we called out, I think there has been a specific initiative to look at the tail and curtail the tail and rationalize the tail. In turn, focus more in terms of the other accounts where we can invest more, where we can focus more. So if you see the number of accounts, which are more than 5 million, more than 25 million, so 10 million. So those are the accounts where we want to focus and those accounts have been also growing. So that is why you see a reduction in terms of the number of accounts. We have cut the tail to some extent, and you will see that going forward as well. But we do want to bring in more focus in terms of strategic clients and ensure that we go deeper in terms of mining those clients.
- Mukul Garg:** So has this bottomed out? Or should we expect this to take a few more quarters?
- Debashis Chatterjee:** No. It will continue. As I said, you will probably see some of the long tail rationalized over the next couple of quarters as well, at least.
- Moderator:** Thank you. We have the next question from the line of Sudheer Guntupalli from Motilal Oswal. Please go ahead.
- Sudheer Guntupalli:** So my first question is on the share of fixed price contracts during the quarter. It seems to have shown a strong increase. So how do we read this trend? Is this a direct consequence of the strong improvement in growth at the top accounts?
- Senthil Kumar:** Yes, Sudheer. So our effort of increasing the annuity business, if you look our share has increased considerably closer to 2.5% in this quarter. One, because our concentrated effort on increasing our annuity business. Given the nature of our top clients in the nature of FMC project, so it added on top of to that. So it has reached now, we may see some more addition to that but not this kind of a quantum jump.
- Sudheer Guntupalli:** Sure, sir. And just one follow-up on that. Whenever there is a shift towards fixed-price contracts, usually DSOs and unbilled also increase hand-in-hand. But in this case, it has not seemed to have happened in that direction. So how was this managed effectively?

- Senthil Kumar:** Yes. So if you look the profile of customers who are paying, so we don't see that kind of it because those customers are within the 60 to 90-days kind of average credit period. So we don't have much impact on the collections.
- Sudheer Guntupalli:** So it will not have much impact in terms of unbilled number as well?
- Senthil Kumar:** Yes, it would not have.
- Sudheer Guntupalli:** Going forward.
- Senthil Kumar:** Yes.
- Sudheer Guntupalli:** Sure, sir. And my second question is, growth in the top account is historically noticed to be quite volatile. So this quarter, there is a very strong growth. So what is the persistence of the spend in the top account or the growth in the top account? Because we're talking about bringing in more annuity component, will this time be any less volatile than in the previous cycles?
- Debashis Chatterjee:** It's difficult to say like that because every quarter we will have some phenomena. Like as I said, this particular quarter, we have quite a few deals which were under transition, which got into the BAU mode. So essentially, there will be deals coming in at various points of time. So it's a little difficult to say, but we still feel very confident about the top account that we have.
- Moderator:** Thank you. The next question is from the line of Madhu Babu from Centrum Broking. Please go ahead.
- Madhu Babu:** Now that the firm has stabilized, so can we expect acceleration in growth like for 4Q? Can we look at a 3%, 4% growth and for next year on a double-digit growth, are we set on the right pace?
- Debashis Chatterjee:** Yes, as we've said that we wanted to, first of all, stabilize. And you yourself said that we have gone beyond the stabilization. So obviously, the focus is going to be on growth. And Mindtree has always been known as building on very strong technology foundation. So that we'll continue to do. And we are also very focused in terms of incubating strategic deals. So if all those efforts are successful, then we definitely expect to see the growth momentum accelerate over a period of time.
- Moderator:** Thank you. The next question is from the line of Vibhor Singhal from PhillipCapital. Please go ahead.



**Vibhor Singhal:** So 2 questions from my side. One is on the client side. While the non-top 10 have been volatile and have been growing or is degrowing in alternate quarters, the top 6 to 10 clients have actually consistently degrown over the past 5 quarters on a Y-on-Y basis. So I know it's a bit of scratching too much onto the surface. But these specific set of clients from 6 to 10 seems to be the one which are kind of not really performing up to those levels. So any specific reason that you would want to call out for, in terms of this? And are we kind of looking at this in a different manner somewhat?

**Debashis Chatterjee:** No, I think first and foremost to understand that this particular quarter is a seasonal quarter and with a lot of furloughs etc. So there is a bit of uncertainty in terms of specific clients within this quarter. But at an overall level, the other factor that matters is how much of, is there are more projects happening for a particular client and the projects come to a closure. Then obviously, you'll see a little bit of variation. But at a broad level, if I look at the top 10 clients, and even if I look at the 2 to 10 clients, I think there has been a growth within that client base which is very positive for us. And we are hoping that it can continue in that fashion.

**Moderator:** Thank you. The next question is from the line of Sumeet Jain from Goldman Sachs India Securities. Please go ahead.

**Sumeet Jain:** Congrats DC for the sharp margin improvement. Firstly, I wanted to understand. I think you guys are clearly focusing on shifting towards larger-sized managed services contracts, and they typically are lumpy and take time to see the fruits. So can we see improvement in your TCV deal wins going forward on the back of these initiatives? And typically, how much time you think these initiatives will take?

**Debashis Chatterjee:** The answer is definitely yes. We do expect that there will be closures in the coming months and quarter. And we should be focusing on more and more annuity kind of deals, managed services kind of deals, and that is going to be a key focus. When we talk about the growth momentum, I think those are the kind of deals that we want to focus on, the strategic deals, as we call them. And the only other thing I will say is that given the seasonality and given the fact that a lot of clients are going through their own budgets, we did see some of the deals getting a little deferred. So those will be happening hopefully in the Q4.

**Moderator:** Thank you. The next question is from the line of Rishi Jhunjhunwala from IIFL-Institutional Equities. Please go ahead.

**Rishi Jhunjhunwala:** A couple of questions. One is on your margins or your profitability on the BFSI segment. So historically, it has been a single-digit margin business, but we have clearly seen a sharp improvement in that over the past 2 quarters. It's now largely in line with where your overall averages are. So just wanted to understand the nature of the improvement because

historically, it has been due to probably lower pricing, which is kind of permanent in nature. So what has led to such significant improvement? And is it sustainable?

**Debashis Chatterjee:** So first of all, it is multiple fronts. It's bringing in better governance and ensuring that we have better controls and we have also ensured that we are not really taking on low-margin business. So there were multiple efforts, there was a very focused effort and I think which has helped us to turn it around. And I think it is our intention to keep it sustainable as we go along.

**Rishi Jhunhunwala:** Great. The other thing just wanted to understand. So there is almost more than 3% decline in volumes in this quarter but 4.8% improvement in realization, which is quite stark for one quarter. So just wanted to understand what would be the reason for that?

**Debashis Chatterjee:** Yes. I'll let Senthil answer that.

**Senthil Kumar:** Sure. So one on this volume dip is mainly because of the seasonality, furloughs and these, Rishi. And on the pricing increase, the realization rate increased predominantly if you look. We called out saying some of the projects got into the steady state, which boosted the overall revenue with the same efforts. So that's the reason where you see volume going down, but price picking up very sharply. But however, our contract pricing remains stable, so there is no challenge on the contract pricing.

**Moderator:** Thank you. The next question is from the line of Manik Taneja from Emkay Global. Please go ahead.

**Manik Taneja:** So given the fact that you've spent the last few months in the company, just wanted to get your thoughts as to what do you think essentially has ailed Mindtree in the past, that it has been unable to replicate the success that it has enjoyed at Microsoft, with other top customers.

**Debashis Chatterjee:** Yes. So first of all, it's probably difficult to compare one customer to another customer. But what I can say is that the focus that we have in terms of our growth strategy, growth momentum, our target is that we should be able to grow more and more customers to take to at least \$50 million, for example. And there are focused efforts within the organization to ensure that we have a strategic deal team, which works on some of the existing clients and see how we can nurture those and how we can kind of create structured deals in terms of creating larger, longer-term annuity kind of contracts. So that's what we are trying to do. Now probably that is something which is new and this strategic deal focus on key accounts. And as I said earlier that our intention is not to have a long tail of accounts. There is a rationalization initiative also that we have. So we can divert the efforts in terms of the top clients. And if you look at the metrics for this quarter, the \$1 million clients grew by 4 and

\$25 million clients grew by 1. So that effort of rationalizing the long tail and improving focus mining in terms of top accounts, I think that is working out well.

**Moderator:** Thank you. The next question is from the line of Apurva Prasad from HDFC Securities. Please go ahead.

**Apurva Prasad:** DC, question on the attrition level. Where do you see the comfort level now? It seems to be trending up even now. And if you can quantify how much would be involuntary within that?

**Debashis Chatterjee:** So we don't disclose any involuntary. But if you look at the overall attrition figures that we talked about in terms of LTM basis, the 17.2% compared to 16.5% in Q2. But we did have a spike in Q2. That's why the LTM numbers are looking a little higher. But if I just look at the quarterly attrition, the quarterly attrition for this particular quarter is lower than the previous quarter. So it is coming back in control. And we have significant initiatives also going on just to ensure that we can have better control in terms of attrition. Like one of the things that Mindtree has always been known as being digital and focusing on digital skills. So we have programs to ensure that we have our reskilling efforts on the way to make sure that our talent pool is always future-ready.

**Moderator:** Thank you. The next question is from the line of Sandeep Shah from CIMB India. Please go ahead.

**Sandeep Shah:** Just wanted to understand, DC, that as you have done well in terms of the margin execution, what are 3, 4 things you might have done or want to do where it gives you a confidence to say that we are on a sustainable growth path where Mindtree has been known in the midcap basket to do better versus the peers and those days comes back because it's been perceived more as a project-based company and you are saying that you can transform as annuity-based company. So what is your strategy roadmap to do that? And the second question is in terms of the hedging. So if I look at the hedging position, has again increased significantly, almost like 3, 4 times. It looks like more than a 1 year kind of a net hedging, which we have been doing. So is it fair to assume that this will also help you to improve or sustain PAT margins, if not at EBIT margin as a whole? So some colour on that will help.

**Debashis Chatterjee:** Yes. So first and foremost, I think let me answer the margin part, and then I'll request Senthil to comment on the hedging. See, on the margin part, you are right. I mean, if you look at the overall Mindtree, it has been significantly project-based. And all the conversations we are having, you can make out that over a period of time, we do want to transform and shift more towards managed services, annuity-based sort of programs and which will also help us in terms of stabilizing some from the revenue standpoint. But specifically for margin, as the levers that we have used I think Senthil already covered that earlier. But there are 2 co-levers. One is on the revenue side and one on the cost side. But one of the levers that we

have been using and these levers are going to use as we go forward because this is not a one-time initiative. This is a discipline, and this is something which is all in the execution. We have put a lot of rigor, and we are going to execute in terms of having the right pyramid in place, having the right rate for the right role. Utilization is a standard lever that we have always been using. We have also looked at offshoring the shoring very specifically. So these are some of the levers that we have used. Even on the SG&A side, we have looked at very carefully in terms of discretionary spend and we have put some additional checks and balances in place. But I just want to call out one thing, that margin is not something that you can just do one quarter and forget about it. So we are very careful that whatever initiatives we have launched, these are sustainable so that we can very confidently say that whatever we are achieving right now can sustain in the longer run as well. So, Senthil, you want to comment on the hedging piece?

**Senthil Kumar:** Yes, sure. Sandeep, if you look, last quarter we have moved to the new hedging policy. We used to hedge 3 months on rolling basis. But as per the group policy, we have moved to up to 3 years. That's why you see a quantum jump as compared to the Q2. And on the hedging, which will support the PAT income that is anyway a market. So we don't know how the price will move and whether it will add to the fact, but we are sure that we'll be consistent on the hedging policy and we are sure that it will add to some movement of growth with the PAT.

**Moderator:** Thank you. The next question is from the line of Rahul Jain from Dolat Capital Market. Please go ahead.

**Rahul Jain:** Congratulations on the execution. Firstly, if you look at the TCV data, even on the TTM basis, it's down 5% and most of the weaknesses come from the renewal aspect of it. So how much of these could have been on account of people change related factors versus in general business-related factors? And what are the visibility here to revive the same?

**Senthil Kumar:** So your question was more in terms of on the TCV. So I'll pitch in, Rahul and DC can add further. If you look our TCV on YTD basis are close to 838 million. So it's not a drop on a YTD comparison basis. Because of this seasonality in the current quarter, it looks little lower. But as DC said, the traction is very good, positive deal momentum will continue, and we'll see more deals coming in Q4.

**Debashis Chatterjee:** Yes. I think it's more of a seasonality, and I think it's a fact that some of the budget decisions have kind of deferred in terms of some of the signings. So hopefully, we should be able to give a better picture as we go into the next month. There's no people-related impact.

**Moderator:** Thank you. The next question is from the line of Princy Bhansali from Anand Rathi. Please go ahead.

- Mohit:** This is Mohit from Anand Rathi. Just a follow-up on the TCV numbers, the numbers that you disclosed include all the contracts that you are going to execute over the next 12 months, right? Or is there something which is not part of the TCV numbers?
- Debashis Chatterjee:** No. So all the contracts which will get executed for the future revenue is included in the TCV. Nothing that excludes from that.
- Mohit:** And despite this last 12 months numbers, you are confident of maintaining current rate of 9% to 10% kind of revenue growth number?
- Debashis Chatterjee:** Yes, exactly. You're correct.
- Mohit:** Okay. Second thing is wanted to know your outlook on the BFSI segment like is there a view that there is a growth coming or likely to come back in the next 12 months? Or do you think BFSI will remain soft as a whole?
- Debashis Chatterjee:** Yes, within BFSI, again, if you just kind of try to break it down, I think within insurance segment, most of the growth in BFSI has been filled by insurance especially on the P&C and Life. And that is one area where we still continue, the client portfolio that we have still continues to deliver. So I think we are quite confident that if other parts of the portfolio also start growing, then we can see a very robust growth.
- Moderator:** Thank you. The next question is from the line of Harit Shah from IndiaNivesh Securities Limited. Please go ahead.
- Harit Shah:** I just wanted to get your sense on how do you look at the manufacturing given the current global economic headwind that we are witnessing? Some sort of perspective on that, especially some of your peers have also called out some caution on the retail vertical. So some perspective on that would be helpful.
- Debashis Chatterjee:** Yes. I think it is not different than what others feel. There is definitely a certain level of softness we find. And to add on to that, there are certain things which are project-based projects kind of get over in a particular quarter etc. Within our portfolio, CPG is the most promising, followed by manufacturing. And I think CPG industry has come out of the low period and many of our customers are starting to do well. And the discretionary spend is also starting to come back in the CPG space.
- Harit Shah:** Okay, good. And secondly, can you give the constant currency growth for this quarter?
- Senthil Kumar:** Yes. So constant currency for this quarter is 1%, Harit.

**Moderator:** Thank you very much. We'll take that as the last question. I would now like to hand the conference back to the management team for closing comments.

**Debashis Chatterjee:** I just wanted to thank you all for joining this call. It has been a good quarter for us, and thank you all for joining this call.

**Amisha Munvar:** Okay. Thank you all. Happy Sankranti, Pongal to all of you and look forward to interact during the quarter with all of you.

**Moderator:** Thank you very much. On behalf of Mindtree Limited, that concludes this conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines.