



Mindtree

## Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings release

Fourth quarter ended March 31, 2018

April 18, 2018

*Welcome to possible*

## Contents

1. Press Release	3
2. Key Financial Metrics	7
3. Key Ratios	7
4. Key Revenue Metrics	8
5. Effort and Utilization	9
6. Key Client Metrics	9
7. Key Employee Metrics	10
8. Infrastructure	10
9. Statutory Financials	11

## Earnings Conference Call for Analysts / Investors

### April 18, 2018 (6:30 PM IST)

Primary Number: +91 22 7115 8058

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

Local Access Number: +91-70456 71221

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 April 30, 2018

+91 22 71945757 (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 FY18 Webcast Link](#)



Transcript will be available on [www.mindtree.com](http://www.mindtree.com) after April 20, 2018

## Mindtree Reports Strong Fourth Quarter and Year End Results

### Multiple large-deal wins power growth, sets the trend for FY19

**Bangalore (India) and Warren (NJ), April 18, 2018:** [Mindtree](#), a global technology services and Digital transformation company, guiding it's clients to achieve faster business outcomes, announced its consolidated results today for the fourth quarter and year ended March 31, 2018 as approved by its board of directors.

“We ended the year on a strong note, and seeing that momentum creating a healthy start to our new fiscal year. It's especially heartening that our client satisfaction ratings reached an all-time high, setting the benchmark in our industry.” **Rostow Ramanan, CEO & Managing Director, Mindtree.** “Our enduring strategic investments in expertise for Domain, Digital and Run are clearly recognized by the market. The further success of our large deal focus reflects the need for Global 2000 businesses to marry large scale with agility. Mindtree is in that sweet-spot.”

#### Key financial highlights:

##### **Quarter ended March 31, 2018**

- In USD:
  - Revenue at \$226.2 million (growth of 5.5% q-o-q / 15.6% y-o-y)
  - Net profit at \$28.2 million (growth of 27.9% q-o-q/ 95.2% y-o-y)
- In INR:
  - Revenue at ₹ 14,640 million (growth of 6.3% q-o-q / 11.1% y-o-y)
  - Net profit at ₹ 1,822 million (growth of 28.8% q-o-q / 87.5% y-o-y)

##### **Year ended March 31, 2018**

- In USD terms:
  - Revenue at \$846.8 million (growth of 8.6%)
  - Net profit at \$88.4 million (growth of 41.8%)
- In Rupee terms:
  - Revenue at ₹ 54,628 million (growth of 4.3%)
  - Net profit at ₹ 5,701 million (growth of 36.2%)

**Other highlights:**

- Clients:
  - 338 active clients as of March 31, 2018
  - \$25 million clients grow by 1, total of 4
  - \$10 million clients grow by 2, total of 17
  - \$5 million clients grow by 1, total of 38
  - \$1 million clients grow by 4, total of 118
  
- People:
  - 17,723 Mindtree Minds as of March 31, 2018
  - Trailing 12 months attrition is 12.5%
  
- 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 335 BOTs employed as of March 31, 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:
  - Mindtree was awarded its largest single contract to date by an existing customer, in the airline industry in the USA. Under this contract, Mindtree has been given the full ownership of the QA function and is working with the client to radically redefine the QA function
  - For a partner and an existing customer in the enterprise software product segment, Mindtree extended its presence into the Infrastructure Management area with a differentiated value proposition and was awarded a multi-year, multi-million dollar opportunity
  - Providing cutting-edge analytics using SAP HANA to deliver customer insights for a large automotive company in the UK

- An existing airline client in the USA has chosen Mindtree as a strategic partner to support application development, maintenance and quality assurance services, as part of their IT transformation initiative
  
- Awards and Recognition:
  - Awarded the 2018 Adobe Experience Business Award for excellence in Omni-channel Experience Management
  
- Announcements
  - The Board of Directors at its meeting held on April 18, 2018, have declared an interim dividend of 20% (₹ 2 per equity share of par value ₹ 10 each) and recommended a final dividend of 30% (₹ 3 per equity share of par value ₹ 10 each) which is subject to approval of shareholders.



## 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

Divya Jain

Value360 Communications

+91 99997 04100

[Divya@value360india.com](mailto:Divya@value360india.com)

### UNITED STATES

Erik Arvidson

Matter Communications

978-518-4542

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

### EUROPE

Susie Wyeth

Hotwire

+44 (0) 207 608 4657

[susie.wyeth@hotwireglobal.com](mailto:susie.wyeth@hotwireglobal.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)	Q4	Q3	Q4	Growth (%)	
	FY2017	FY2018	FY2018	Q-o-Q	Y-o-Y
Revenue	13,181	13,777	14,640	6.3%	11.1%
EBITDA	1,869	2,074	2,355	13.5%	26.0%
Net Profit	972	1,415	1,822	28.8%	87.4%
Diluted EPS (Rs.)	5.77	8.61	11.08	28.7%	92.0%

(\$ million)	Q4	Q3	Q4	Growth (%)	
	FY2017	FY2018	FY2018	Q-o-Q	Y-o-Y
Revenue	195.6	214.3	226.2	5.5%	15.6%
EBITDA	27.7	32.3	36.4	12.8%	31.2%
Net Profit	14.4	22.0	28.2	27.9%	95.2%

Rupee Dollar Rate	Q4	Q3	Q4
	FY2017	FY2018	FY2018
Period Closing rate	64.85	63.83	65.11
Period Average rate	67.38	64.30	64.73

Hedges outstanding at 31-Mar-18		
Currency	Value	Avg. Rate/INR
USD	35.5	65.35
EURO	2.0	80.79
GBP	2.5	91.83

Total hedges outstanding in USD terms is 41M at an average ₹ rate of 65.36. These are fair value hedges expiring within 30-June-18.

## Key Ratios

Key Ratios	Q4	Q3	Q4
	FY2017	FY2018	FY2018
EBITDA Margin (%)	14.2%	15.1%	16.1%
Effective Tax Rate (%)	22.8%	15.2%	27.3%
Net Profit Margin (%)	7.4%	10.3%	12.4%
ROCE (%)	19.8%	24.4%	34.9%
DSO (Days)	65	71	67

Effective Tax Rate = Tax / PBT

ROCE = EBIT / Average Capital Employed. ROCE is annualized

### Key Performance Highlights

- Contract Closures crossed \$1 Billion during FY 18
- Last Twelve Months attrition rate at 12.5%, the lowest since Q3 FY14
- In FY18 - Digital Business grew 18.9%; Infrastructure Management and Tech Support grew 16.7%; Technology, Media & Services grew by 10.8%; Travel and Hospitality grew by 10.1%

## Key Revenue Metrics

Revenue by Geography	Q4 FY 2017	Q3 FY 2018	Q4 FY 2018
US	69.8%	69.7%	71.0%
Europe	20.8%	20.9%	21.1%
India	2.8%	3.2%	3.2%
Rest of the World	6.6%	6.2%	4.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue by Industry	Q4 FY 2017	Q3 FY 2018	Q4 FY 2018
Technology, Media and Services	37.5%	36.6%	37.6%
BFSI	24.7%	24.8%	22.5%
Retail, CPG & Manufacturing	23.0%	23.3%	24.0%
Travel & Hospitality	14.9%	15.3%	15.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue by Service Offering	Q4 FY 2017	Q3 FY 2018	Q4 FY 2018
Development	21.4%	24.5%	25.5%
Engineering	9.5%	9.1%	9.1%
Maintenance	18.3%	16.6%	15.7%
Consulting	4.0%	4.0%	3.9%
Package Implementation	12.6%	11.3%	11.2%
IP Led Revenue	1.3%	0.9%	0.9%
Independent Testing	12.5%	12.6%	12.7%
Infrastructure Management & Tech Support	20.4%	21.1%	21.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Digital	<b>39.6%</b>	<b>43.9%</b>	<b>45.0%</b>

Revenue by Project Type	Q4 FY 2017	Q3 FY 2018	Q4 FY 2018
Fixed Cost, Fixed Monthly	52.8%	56.4%	56.8%
Time & Materials	47.2%	43.6%	43.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue Mix	Q4 FY 2017	Q3 FY 2018	Q4 FY 2018
<b>Effort</b>			
Onsite	24.4%	22.9%	22.8%
Offshore	75.6%	77.1%	77.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Revenue</b>			
Onsite	60.5%	57.9%	58.9%
Offshore	39.5%	42.1%	41.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Effort and Utilization

Metrics	Q4 FY 2017	Q3 FY 2018	Q4 FY 2018	Growth (%)	
				Q-o-Q	Y-o-Y
<b>Billed Hours</b>					
Onsite	1,440,240	1,402,667	1,504,976	7.3%	4.5%
Offshore	4,469,309	4,713,836	5,088,373	7.9%	13.9%
<b>Total</b>	<b>5,909,548</b>	<b>6,116,503</b>	<b>6,593,349</b>	<b>7.8%</b>	<b>11.6%</b>
<b>Fee Revenue (\$ 000)</b>					
Onsite	117,113	122,636	131,766	7.4%	12.5%
Offshore	76,457	89,183	92,116	3.3%	20.5%
<b>Total</b>	<b>193,570</b>	<b>211,818</b>	<b>223,882</b>	<b>5.7%</b>	<b>15.7%</b>
<b>Utilization</b>					
Including Trainees	70.9%	72.8%	73.8%		
Excluding Trainees	72.7%	74.3%	75.2%		

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

## Key Client Metrics

Metrics	Q4 FY 2017	Q3 FY 2018	Q4 FY 2018
<b>Client Details</b>			
Number of Active clients	328	344	338
New Clients Added	20	28	23
\$1 mn clients	111	114	118
\$5 mn clients	30	37	38
\$10 mn clients	16	15	17
\$25 mn clients	4	3	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 FY 2017	Q3 FY 2018	Q4 FY 2018
Top Client	14.3%	16.6%	17.8%
Top 5 Clients	30.7%	31.6%	32.0%
Top 10 Clients	41.9%	43.7%	43.7%
Revenue from Repeat Business	98.7%	98.2%	99.1%

Contribution to revenues is based on revenues for the quarter.

Total Contract Value signed(TCV) (USD M)	Q4 FY 2017	Q3 FY 2018	Q4 FY 2018
Renewals	135	187	256
New	74	57	42
<b>Total</b>	<b>209</b>	<b>244</b>	<b>298</b>
Expiring within 1 year	182	206	237
Expiring > 1 year	27	38	61
Digital	50	132	102

## Key Employee Metrics

Mindtree Minds	Q4 FY 2017	Q3 FY 2018	Q4 FY 2018
Total Mindtree Minds	16,470	17,200	17,723
Software Professionals	15,413	16,068	16,595
Sales	271	273	255
Support	786	859	873
Gross Additions	914	857	1,102
Net Additions	371	290	523
Attrition (Last Twelve Months)	15.1%	12.6%	12.5%
Women employees	29%	30%	30%
Nationalities*	51	55	59

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

BOTs*	Q4 FY 2017	Q3 FY 2018	Q4 FY 2018
BOTs*	-	-	335

\*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

## Infrastructure

As of Mar 31, 2018	Completed		Available for Expansion	
	Built up area (sq ft 000)	No. of Seats	Built up area (sq ft 000)	No. of Seats
Bangalore	1,286	12,624	-	-
Chennai	294	2,680	-	-
Pune	149	1,361	-	-
Hyderabad	93	812	30	250
Bhubaneswar	95	437	60	400
<b>Total</b>	<b>1,917</b>	<b>17,914</b>	<b>90</b>	<b>650</b>

Note: Land available for expansion - 11.3 acres in Bhubaneswar.

**Audited Consolidated Financial Results for the Quarter and Year Ended March 31, 2018 (₹ in millions, except per share data)**

Particulars	Quarter ended			Year ended	
	March 31, 2018	December 31, 2017	March 31, 2017	March 31, 2018	March 31, 2017
Revenue from operations	14,640	13,777	13,181	54,628	52,364
Other income, net (refer note 6)	591	59	133	1,902	553
<b>Total income</b>	<b>15,231</b>	<b>13,836</b>	<b>13,314</b>	<b>56,530</b>	<b>52,917</b>
<b>Expenses</b>					
Employee benefits expense	9,301	8,946	8,700	35,641	34,125
Finance costs	58	46	47	169	191
Depreciation and amortisation expense	383	419	468	1,715	1,858
Other expenses	2,984	2,757	2,840	11,582	11,194
<b>Total expenses</b>	<b>12,726</b>	<b>12,168</b>	<b>12,055</b>	<b>49,107</b>	<b>47,368</b>
<b>Profit before tax</b>	<b>2,505</b>	<b>1,668</b>	<b>1,259</b>	<b>7,423</b>	<b>5,549</b>
Tax expense					
Current tax	557	158	399	1,555	1,577
Deferred tax	126	95	(112)	167	(214)
<b>Net profit for the period</b>	<b>1,822</b>	<b>1,415</b>	<b>972</b>	<b>5,701</b>	<b>4,186</b>
Other comprehensive income:					
A. (i) Items that will not be reclassified to profit or loss	(4)	7	4	(23)	(14)
(ii) Income tax relating to items that will not be reclassified to profit or loss	1	(1)	(1)	5	3
B. Items that will be reclassified to profit or loss	58	(59)	(237)	146	(610)
<b>Total other comprehensive income</b>	<b>55</b>	<b>(53)</b>	<b>(234)</b>	<b>128</b>	<b>(621)</b>
<b>Total comprehensive income for the period</b>	<b>1,877</b>	<b>1,362</b>	<b>738</b>	<b>5,829</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
Reserves	25,775	24,241	24,091	25,775	24,091
Earnings per share:					
Basic EPS (Rs.)	11.12	8.63	5.78	34.39	24.93
Diluted EPS (Rs.)	11.08	8.61	5.77	34.28	24.89

**AUDITED SEGMENT WISE REVENUE AND RESULTS**

Particulars	Quarter ended			Year ended	
	March 31, 2018	December 31, 2017	March 31, 2017	March 31, 2018	March 31, 2017
<b>Segment revenue</b>					
Retail, CPG and Manufacturing	3,437	3,210	3,032	12,689	12,476
Banking, Financial Services and Insurance	3,319	3,413	3,250	13,255	12,882
Technology, Media and Services	5,556	5,049	4,939	20,467	19,235
Travel and Hospitality	2,328	2,105	1,960	8,217	7,771
<b>Total</b>	<b>14,640</b>	<b>13,777</b>	<b>13,181</b>	<b>54,628</b>	<b>52,364</b>
<b>Segment results</b>					
Retail, CPG and Manufacturing	555	553	330	1,663	1,493
Banking, Financial Services and Insurance	328	390	280	1,245	1,153
Technology, Media and Services	1,057	853	953	3,441	3,671
Travel and Hospitality	415	278	306	1,056	864
<b>Total</b>	<b>2,355</b>	<b>2,074</b>	<b>1,869</b>	<b>7,405</b>	<b>7,181</b>
<b>Unallocable</b>					
Expenses	383	419	696	1,715	1,994
Finance costs	58	46	47	169	191
Other income	591	59	133	1,902	553
<b>Profit before tax</b>	<b>2,505</b>	<b>1,668</b>	<b>1,259</b>	<b>7,423</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 Year Ended March 31, 2018 (₹ in millions, except per share data)**

Particulars	As at	
	March 31, 2018	March 31, 2017
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,509	3,809
Capital work in progress	92	192
Goodwill	4,539	4,470
Other intangible assets	1,520	1,941
Financial assets		
Investments	58	58
Loans	751	667
Other financial assets	-	209
Deferred tax assets (net)	318	624
Other non-current assets	1,547	1,326
	<b>12,334</b>	<b>13,296</b>
<b>Current assets</b>		
Financial assets		
Investments	7,206	5,869
Trade receivables	10,155	8,962
Cash and cash equivalents	3,289	2,508
Loans	17	12
Other financial assets	3,081	2,225
Other current assets	1,283	1,034
	<b>25,031</b>	<b>20,610</b>
<b>TOTAL ASSETS</b>	<b>37,365</b>	<b>33,906</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	1,639	1,680
Other equity	25,775	24,091
	<b>27,414</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	85	71
	<b>94</b>	<b>314</b>
<b>Current liabilities</b>		
Financial liabilities		
Borrowings	3,000	978
Trade payables	1,710	1,651
Other financial liabilities	1,812	2,638
Other current liabilities	1,802	1,126
Provisions	1,218	1,105
Current tax liabilities (net)	315	323
	<b>9,857</b>	<b>7,821</b>
	<b>9,951</b>	<b>8,135</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>37,365</b>	<b>33,906</b>

**Notes to audited consolidated financial results for the quarter and year ended March 31, 2018**

- The above results were reviewed by the Audit Committee and thereafter have been adopted by the Board at its meeting held on April 18, 2018.
- The Board of Directors at its meeting held on April 18, 2018, have declared an interim dividend of 20% (Rs 2 per equity share of par value Rs 10 each) and recommended a final dividend of 30% (Rs 3 per equity share of par value Rs 10 each) which is subject to approval of shareholders.
- Board changes during quarter ended March 31, 2018 are as below:
  - V.G.Siddhartha resigned as the Non-Executive Director of the Company with effect from March 09, 2018.
  - Prof. Pankaj Chandra retired as the Independent Director of the Company with effect from April 01, 2018.
  - Manisha Girotra resigned as the Independent Director of the Company with effect from April 18, 2018.
- EPS for the quarterly periods are not annualized.
- Audited financial results of Mindtree Limited (Standalone Information)

Particulars	Quarter ended			Year ended	
	March 31, 2018	December 31, 2017	March 31, 2017	March 31, 2018	March 31, 2017
Revenues	14,281	13,442	12,683	53,250	50,396
Profit before tax	2,581	1,815	1,379	7,943	5,844
Profit after tax	1,913	1,568	1,066	6,249	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 year ended March 31, 2018, the Group has written back earn out payable towards acquisition of business to the erstwhile shareholders of Bluefin Solutions Limited, Relational Solutions Inc. and Magnet 360 LLC amounting to Rs 916.
- 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*