



## Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Shareholder report

First quarter ended June 30, 2019

July 17, 2019

*Welcome to possible*



Dear Shareholder,

Mindtree has delivered exceptional performance for all our stakeholders over the last 2 decades through our differentiated strategy and unique culture. This quarter saw us achieve an all-time high contract closures which sets the pace for the rest of the year. While the external factors pose some challenges, our focussed strategy and strong client relationships make us confident of delivering above Industry growth rates in FY 20. In Q1, we achieved revenues of \$264.2 Mn with a q-o-q growth of 0.8% and 9.4% on a y-o-y growth. In constant currency terms we grew by 1.1 % q-o-q and 10.3% y-o-y.

Driving profitability continues to be our priority. Q1 profitability has been in line with our expectation. We expect to improve our operational margins in Q2 vs Q1 after reckoning compensation increases planned in Q2.

As revenue growth momentum accelerates for rest of year along with our continued efforts to drive operational efficiency, we aspire to improve profitability marginally over FY19 excluding currency and one-off's.

We thank you for your continued support and encouragement.

Key highlights and summary financial results of the quarter are provided in the next section.

Warm regards,

<b>Rostow Ravanan</b> CEO and Managing Director
<b>Mindtree</b> <i>Welcome to possible</i>

<b>Pradip Menon</b> CFO
<b>Mindtree</b> <i>Welcome to possible</i>

Bangalore  
July 17, 2019

## Key financial highlights

### Quarter ended June 30, 2019

- In USD:
  - Revenue at \$264.2 million (growth of 0.8% q-o-q / 9.4% y-o-y)  
Constant Currency growth of 1.1% q-o-q / 10.3% y-o-y
  - Net profit at \$13.4 million (decline of 52.7% q-o-q/ 42.7% y-o-y)
  
- In INR:
  - Revenue at ₹ 18,342 million (decline of 0.3% q-o-q / growth of 11.9% y-o-y)
  - Net profit at ₹ 927 million (decline of 53.3% q-o-q / 41.4% y-o-y)

### Other highlights:

- Clients:
  - 346 active clients as of June 30, 2019
  - \$5 million clients grow by 1, total of 46
  
- People:
  - 20,935 Mindtree Minds as of June 30, 2019
  - Trailing 12 months attrition is 15.1%
  
- Multi-year and multi-million dollar wins with leading global clients:

#### New Clients:

- Mindtree signed a new contract with a leading Retail player in Consumer Electronics & Wireless Services to provide Scalable end to end managed services and drive Automation & Self Service ticketing
- Mindtree will be supporting to manage the Global key enterprise applications for a German automotive manufacturing company
- For a leading Insurance provider in North America, Mindtree will be managing their Policy & Billing platform implementation in Agile environment

Existing Clients:

- Mindtree will provide Network Engineering & Operations on Azure platform for an existing Global leader in computer software and technology
- Mindtree will be providing Application Development Services in Data & Personalization initiatives for an existing leading player in Hospitality industry of North America
- Recognition:
  - Mindtree received 'Best Compliance Framework of the Year' at the Compliance Leadership Summit & Awards 2019, hosted by UBS Forums
  - Magnet360, the Mindtree Salesforce practice, has been named a Leader in the USA and a Rising Star in Germany in Professional Services for Salesforce Sales and Service Cloud in the U.S. ISG Provider Lens™ 2019 Salesforce Ecosystem Quadrant Study
  - Mindtree has been recognized by Information Services Group (ISG), a leading global technology research and advisory firm, for its role in two of the top 25 examples of digital transformation in 2019, as featured in the newly published ISG book Digital Excellence: 25 Winning Partnerships

**Extract of the audited consolidated financial results for the quarter ended June 30, 2019**
*Rs in million, except per share data*

Particulars	Quarter ended			Year ended
	June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
Revenue from operations	18,342	18,394	16,395	70,215
Other income, net	220	290	279	893
<b>Total income</b>	<b>18,562</b>	<b>18,684</b>	<b>16,674</b>	<b>71,108</b>
<b>Expenses</b>				
Employee benefits expense	12,532	11,504	10,395	44,212
Finance costs (refer note 6)	130	-	28	29
Depreciation and amortisation expense (refer note 6)	669	428	400	1,641
Other expenses	3,969	4,087	3,690	15,358
<b>Total expenses</b>	<b>17,300</b>	<b>16,019</b>	<b>14,513</b>	<b>61,240</b>
<b>Profit before tax</b>	<b>1,262</b>	<b>2,665</b>	<b>2,161</b>	<b>9,868</b>
Tax expense				
Current tax (refer note 8)	354	712	647	2,456
Deferred tax	(19)	(31)	(68)	(129)
<b>Net profit for the period</b>	<b>927</b>	<b>1,984</b>	<b>1,582</b>	<b>7,541</b>
Other comprehensive income:				
A. (i) Items that will not be reclassified to profit or loss	(35)	(7)	(45)	(86)
(ii) Income tax relating to items that will not be reclassified to profit or loss	8	2	11	21
B. Items that will be reclassified to profit or loss	-	-	121	262
<b>Total other comprehensive income</b>	<b>(27)</b>	<b>(5)</b>	<b>87</b>	<b>197</b>
<b>Total comprehensive income for the period</b>	<b>900</b>	<b>1,979</b>	<b>1,669</b>	<b>7,738</b>
Paid up equity share capital (face value Rs. 10/- each)	1,645	1,642	1,640	1,642
Reserves	31,888	31,419	27,067	31,419
Earnings per share (EPS):				
Basic EPS (Rs.)	5.64	12.08	9.65	45.94
Diluted EPS (Rs.)	5.64	12.05	9.62	45.85

**AUDITED CONSOLIDATED BALANCE SHEET**
*Rs in million*

Particulars	As at	
	June 30, 2019	March 31, 2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,777	3,757
Capital work in progress	474	297
Right-of-use assets (refer note 6)	5,998	-
Goodwill	4,732	4,732
Other intangible assets	1,070	1,180
Financial assets		
Investments	908	1,200
Loans	524	675
Deferred tax assets (Net)	407	388
Other non-current assets	1,806	1,889
	<b>19,696</b>	<b>14,118</b>
<b>Current assets</b>		
Financial assets		
Investments	8,534	6,836
Trade receivables	13,153	13,356
Cash and cash equivalents	1,900	2,562
Loans	25	123
Other financial assets	2,400	2,528
Other current assets	2,185	2,267
	<b>28,197</b>	<b>27,672</b>
<b>TOTAL ASSETS</b>	<b>47,893</b>	<b>41,790</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	1,645	1,642
Other equity	31,888	31,419
	<b>33,533</b>	<b>33,061</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
Borrowings	-	5
Lease liabilities (refer note 6)	5,122	-
Other financial liabilities	1	1
Other non current liabilities	-	173
	<b>5,123</b>	<b>179</b>
<b>Current liabilities</b>		
Financial liabilities		
Lease liabilities (refer note 6)	579	-
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	4	3
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,346	2,128
Other financial liabilities	2,362	2,434
Other current liabilities	1,743	1,837
Provisions	1,514	1,399
Current tax liabilities (Net)	689	749
	<b>9,237</b>	<b>8,550</b>
	<b>14,360</b>	<b>8,729</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>47,893</b>	<b>41,790</b>

**AUDITED CONSOLIDATED CASH FLOW INFORMATION**
*Rs in million*

Particulars	Quarter ended	Quarter ended	Year ended
	June 30, 2019	June 30, 2018	March 31, 2019
A. Net cash flow from operating activities	1,910	114	6,305
B. Net cash flow from/ (used in) investing activities	(1,763)	755	(1,933)
C. Net cash flow (used in) financing activities	(813)	(2,429)	(5,221)
D. Effect of exchange differences on translation of foreign currency cash and cash equivalents	5	75	133
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C+D)</b>	<b>(661)</b>	<b>(1,485)</b>	<b>(716)</b>
Cash and cash equivalents at the beginning of the period	2,559	3,275	3,275
<b>Cash and cash equivalents at the end of the period</b>	<b>1,898</b>	<b>1,790</b>	<b>2,559</b>

**Key Financial Metrics & Ratios**

₹ million	Q1 FY2019	Q4 FY2019	Q1 FY2020	Growth (%)	
				Q-o-Q	Y-o-Y
Revenue	16,395	18,394	18,342	(0.3)%	11.9%
EBITDA	2,310	2,803	1,841	(34.3)%	(20.3)%
Net Profit	1,582	1,984	927	(53.3)%	(41.4)%
Diluted EPS (Rs.)	9.62	12.05	5.64	(53.2)%	(41.4)%

\$ million	Q1 FY2019	Q4 FY2019	Q1 FY2020	Growth (%)	
				Q-o-Q	Y-o-Y
Revenue	241.5	262.0	264.2	0.8%	9.4%
EBITDA	34.0	39.9	26.5	(33.6)%	(22.1)%
Net Profit	23.3	28.2	13.4	(52.7)%	(42.7)%

Key Ratios	Q1 FY2019	Q4 FY2019	Q1 FY2020
EBITDA Margin (%)	14.1%	15.2%	10.0%
Effective Tax Rate (%)	26.8%	25.6%	26.6%
Net Profit Margin (%)	9.6%	10.8%	5.1%
ROCE (%)	29.1%	32.9%	15.4%
DSO (Days)	67	70	66

Effective Tax Rate = Tax / PBT

ROCE = EBIT / Average Capital Employed. ROCE is annualized

**Note:**

This report along with more information on our quarterly results is also available in the investors section of our website ([www.mindtree.com](http://www.mindtree.com)).

This report is for information purposes. Investors should rely on their own analysis while taking investment decisions and not rely on this report alone.

In the spirit of sensitivity towards the environment we are circulating this over email to shareholders who have updated their e-mail addresses with the depository participant. Please update your email addresses with your depository participant.

For more information, please contact [investors@mindtree.com](mailto:investors@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.

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