



## Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Shareholder report

Fourth quarter ended March 31, 2018

April 23, 2018

*Welcome to possible*

Dear Shareholder,

We are happy to share we have ended the year on a strong note with revenues of \$226.2 Mn in Q4 which is a growth of 5.5% q-o-q and 15.6% y-o-y, making it the best quarter of FY18. For the full year, we have achieved \$846.8M in revenues, which is a growth of 8.6%, which again has exceeded industry estimates for the 5th year in a row and also consistently beating industry growth rates in 9 out of 11 years since our IPO. Our continuing strategic investments in expertise for Domain, Digital and Run are clearly recognized by the market. Some of the key highlights of FY18 are as follows:

- We recently concluded client satisfaction ratings and the results are at an all-time high setting the benchmark in the industry. This clearly demonstrates our success in executing projects and driving technology roadmap for our customers, which results in gaining customers trust and confidence.
- We have achieved an attrition rate of 12.5%, the lowest since 3Q of FY14, reflecting our increasing traction towards people engagement and retention
- We also had significant client wins in both run and grow sides of the business. Third party advisories have positioned us in the leadership quadrant in both run and grow offerings.
- We evaluated and concluded our first buyback program as part of our capital allocation policy, apart from a healthy dividend. This was well received by the investor community. We will continue this overall approach of enhancing stakeholder value

With a steady pipeline, optimistic demand environment and improvement in win ratios, we are poised for a stronger revenue growth in FY 19 compared to FY 18.

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,



**Rostow Ravanan**  
**CEO and Managing Director**



**Jagannathan Chakravarthi**  
**CFO**

Bangalore  
April 23, 2018

## Key financial highlights

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

- In USD terms:
  - 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 terms:
  - 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 INR 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.

**Extract of the audited consolidated financial results for the quarter and year ended March 31, 2018**

Particulars	Rs in million, except per share data				
	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

Particulars	Rs in million	
	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>TOTAL EQUITY AND LIABILITIES</b>	<b>37,365</b>	<b>33,906</b>

**Key Financial Metrics & Ratios**

₹ 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%

Key Ratios	Quarter Ended			Year Ended	
	Mar 31, 2017	Dec 31, 2017	Mar 31, 2018	Mar 31, 2017	Mar 31, 2018
EBITDA Margin (%)	14.2%	15.1%	16.1%	13.7%	13.6%
Effective Tax Rate (%)	22.8%	15.2%	27.3%	24.6%	23.2%
Net Profit Margin (%)	7.4%	10.3%	12.4%	8.0%	10.4%
ROCE (%)	19.8%	24.4%	34.9%	22.4%	26.6%
DSO (Days)	65	71	67	65	67

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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