



## Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings release

Second quarter ended September 30, 2015 (Q2 FY2016)

October 15, 2015

*Welcome to possible*

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## Earnings Conference Call for Analysts / Investors

### October 15, 2015 (5:30 PM IST)

Primary Number: +91 22 3938 1087

Secondary number: +91 22 6746 4187

(The numbers listed above are universally accessible from all networks and all countries)

#### 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 October 23, 2015

+91 22 3065 2322 (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 2Q FY16 Webcast Link](#)

Transcript will be available on [www.mindtree.com](http://www.mindtree.com) after October 24, 2015

## Stellar quarter for Mindtree: Strong Revenue growth of 16.4% Q-o-Q in dollar terms; Recommends interim dividend

**Bangalore (India) and Warren (NJ), October 15, 2015:** [Mindtree](#), a global technology services company, announced its consolidated results today for the second quarter ended September 30, 2015, as approved by its Board of Directors.

“A stellar quarter on all fronts. Our recent strong deal wins and strategic acquisitions will fuel growth and enhance our leadership in the digital space. We are also excited about our new state-of-the-art global learning center at Bhubaneswar, focused on building the digital workforce of tomorrow. These are great strides that will continue to yield impressive results for our clients in a rapidly changing business environment” said **Krishnakumar Natarajan, CEO & Managing Director, Mindtree.**

### Key financial highlights:

- In USD terms:
  - Revenue at \$180.3 million (growth of 16.4% q-o-q / 22.6% y-o-y). Organic revenue (without acquisitions of last quarter) growth of 8.1% q-o-q and 13.9% y-o-y
  - Net profit at \$24.3 million (growth of 11.2% q-o-q / 6.8% y-o-y)
- In Rupee terms:
  - Revenue at ₹ 11,693 million (growth of 19.1% q-o-q / 31.6% y-o-y)
  - Net profit at ₹ 1,582 million (growth of 14.5% q-o-q / 15.1% y-o-y)

### Other highlights:

- Clients:
  - 296 active clients as of September 30, 2015
- Employees:
  - 15,582 employees as of September 30, 2015
  - Added 1,801 employees during the quarter on a gross basis
  - Trailing 12 months attrition is at 17.1%.

- Multi-year and multi-million dollar wins with leading global clients (In addition to the two wins already announced during the quarter):
  - World leader in computer software and technology. For this existing client, Mindtree will provide operational and analytical services for their cloud platform
  - Global interactive entertainment software Company. For this existing client, Mindtree will provide sales analytics solutions
  - Global Communications Company. For this existing client, Mindtree is selected as the preferred partner for providing development, analytics and testing services for its customer experience management product
- Awards and recognition:
  - Mindtree was awarded the Digital transformation Czar award under the Digital Transformation category at the CIO 100 awards organized by the IDG group.
  - Mindtree won the NCPEDP-Mphasis Universal Design Award for 2015 under Category C for companies or organizations that have taken up the cause of Accessibility and Universal Design
  - Mindtree was recognized as the EPG Emerging Azure partner of the Year in FY15 by Microsoft
  - Mindtree named in Forbes India's first ever Super 50 list based on consistent shareholder returns, sales growth and return of equity.
- Dividend announcement:
  - The Board of Directors, at its meeting held on October 15, 2015 recommended an interim dividend of 40% (₹ 4 per equity share of par value ₹ 10 each) for the quarter ended September 30, 2015.

### **About Mindtree**

Mindtree [NSE: MINDTREE] delivers digital transformation and technology services from ideation to execution enabling Global 2000 clients to outperform competitors. Mindtree was 'Born Digital' and continues to bring extraordinary depth across the entire digital value-chain. With a strong blend of expertise and execution, Mindtree delivers remarkable customer experiences while driving greater efficiency and modernizing business operations. Mindtree's expertise in infrastructure and applications management, combined with the unique Agile Center-of-Excellence, ensures that our clients release products and services to market faster and more cost-efficiently.

Visit us at [www.mindtree.com](http://www.mindtree.com)

**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

(Rs. million)	Q2	Q1	Q2	Growth (%)	
	FY2015	FY2016	FY2016	Q-o-Q	Y-o-Y
Revenue	8,886	9,816	11,693	19.1%	31.6%
EBITDA	1,755	1,734	2,164	24.8%	23.3%
Net Profit	1,374	1,382	1,582	14.5%	15.1%
Diluted EPS (Rs.)	16.36	16.45	18.82	14.4%	15.0%

(\$ million)	Q2	Q1	Q2	Growth (%)	
	FY2015	FY2016	FY2016	Q-o-Q	Y-o-Y
Revenue*	147.0	154.9	180.3	16.4%	22.6%
EBITDA	29.0	27.3	33.4	22.2%	14.8%
Net Profit	22.7	21.8	24.3	11.2%	6.8%

Rupee Dollar Rate	Q2	Q1	Q2
	FY2015	FY2016	FY2016
Period Closing rate	61.75	63.65	65.59
Period Average rate	60.43	63.35	64.91

Hedges outstanding at 30-Sept-15		
Currency	Value	Avg. Rate/INR
USD	40.5	66.2
EURO	4.5	73.5
GBP	2.3	102.6

Total hedges outstanding in USD terms is 49M at an average INR rate of 66.12. These are fair value hedges expiring within 31-Dec-15.

## Key Ratios

Key Ratios	Q2	Q1	Q2
	FY2015	FY2016	FY2016
EBITDA Margin (%)	19.8%	17.7%	18.5%
Effective Tax Rate (%)	22.0%	22.4%	22.5%
Net Profit Margin (%)	15.5%	14.1%	13.5%
ROCE (%)	38.4%	34.4%	37.4%
DSO (Days)	72	69	77

Effective Tax Rate = Tax / PBT

ROCE = EBIT / Average Capital Employed. ROCE is annualized

## Key Performance Highlights

- Strong revenue growth of 16.4% Q-o-Q, 22.6% Y-o-Y in Dollar terms. Excluding acquisitions during the quarter, strong revenue growth of 8.1% Q-o-Q, 13.9% Y-o-Y
- BFSI increased by 8.9% Q-o-Q and 32.6% Y-o-Y., Retail, CPG and Manufacturing increased by 8.6% Q-o-Q and 16.6% Y-o-Y., Technology & Media Services increased by 11.5% Q-o-Q, 14.1% Y-o-Y
- Digital/SMAC increased by 23% Q-o-Q and 35.4% Y-o-Y; Excluding acquisitions, increase of 9.6% Q-o-Q, 20.6% Y-o-Y
- Gross Addition of 1801 people in the Quarter.

## Key Revenue Metrics

Revenue by Geography	Q2 FY2015	Q1 FY2016	Q2 FY2016
US	60.4%	67.5%	63.2%
Europe	26.1%	21.9%	26.6%
India	4.0%	3.4%	3.2%
Rest of the World	9.6%	7.2%	7.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue by Industry	Q2 FY2015	Q1 FY2016	Q2 FY2016
Technology, Media and Services*	32.7%	31.7%	30.4%
BFSI	22.8%	26.4%	24.7%
Retail, CPG & Manufacturing	21.6%	22.0%	20.6%
Travel & Hospitality	17.1%	15.5%	13.9%
Others**	5.8%	4.3%	10.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

\*Formerly known as Hi-Tech & Media Services \*\* Revenues of Bluefin solutions included in Others

Revenue by Service Offering	Q2 FY2015	Q1 FY2016	Q2 FY2016
Development	24.0%	24.4%	23.2%
Engineering	9.4%	9.0%	8.6%
Maintenance	21.2%	21.7%	21.0%
Consulting	4.2%	3.7%	2.8%
Package Implementation	5.4%	7.2%	13.3%
IP Led Revenue	1.6%	1.4%	1.3%
Independent Testing	15.5%	14.9%	12.8%
Infrastructure Management & Tech Support	18.7%	17.7%	17.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Digital/SMAC	<b>33.2%</b>	<b>34.7%</b>	<b>36.6%</b>
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Digital/SMAC includes Social Media, Mobility, Analytics, Cloud, Web-commerce.

Revenue by Project Type	Q2 FY2015	Q1 FY2016	Q2 FY2016
Fixed Cost, Fixed Monthly	43.6%	48.9%	49.7%
Time & Materials	56.4%	51.1%	50.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue Mix	Q2 FY2015	Q1 FY2016	Q2 FY2016
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### Effort

Onsite	17.6%	18.6%	20.0%
Offshore	82.4%	81.4%	80.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### Revenue

Onsite	45.6%	48.1%	52.4%
Offshore	54.4%	51.9%	47.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Effort and Utilization

				Growth (%)	
Metrics	Q2 FY2015	Q1 FY2016	Q2 FY2016	Q-o-Q	Y-o-Y
Billed Hours					
Onsite	865,381	976,426	1,152,159	18.0%	33.1%
Offshore	4,046,150	4,265,360	4,613,339	8.2%	14.0%
Total	4,911,531	5,241,785	5,765,498	10.0%	17.4%
Fee Revenue (\$ 000)					
Onsite	66,291	73,732	93,720	27.1%	41.4%
Offshore	79,224	79,711	85,030	6.7%	7.3%
Total	145,515	153,443	178,750	16.5%	22.8%
Utilization					
Including Trainees	73.5%	70.3%	71.4%		
Excluding Trainees	74.2%	71.9%	73.3%		

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

## Key Client Metrics

Metrics	Q2 FY2015	Q1 FY2016	Q2 FY2016
<b>Client Details</b>			
Number of Active clients	200	218	296
New Clients Added	8	16	18
\$1 mn clients	77	88	92
\$5 mn clients	27	28	29
\$10 mn clients	13	13	13
\$25 mn clients	5	6	6
\$50 mn clients	-	2	2

Million Dollar Clients are based on trailing 12 months revenue.

Client Contribution to Revenue	Q2 FY2015	Q1 FY2016	Q2 FY2016
Top Client	9.1%	11.0%	10.7%
Top 5 Clients	32.4%	33.2%	31.8%
Top 10 Clients	48.8%	48.5%	45.5%
Revenue from Repeat Business	99.7%	98.9%	98.9%

Contribution to revenues is based on revenues for the quarter.

Total Contract Value signed(TCV) (USD M)	Q2 FY2015	Q1 FY2016	Q2 FY2016
Renewals	102	120	130
New	63	88	63
<b>Total</b>	<b>165</b>	<b>208</b>	<b>193</b>
Expiring within 1 year	NA	159	157
Expiring > 1 year	NA	49	36
Digital	NA	63	105



## Key Employee Metrics

Mindtree Minds	Q2 FY2015	Q1 FY2016	Q2 FY2016
Total Mindtree Minds	13,018	14,427	15,582
Software Professionals	12,204	13,560	14,655
Sales	206	197	211
Support	608	670	716
Gross Additions	810	900	1,801
Net Additions	173	225	1,155
Attrition (Last Twelve Months)	15.7%	18.4%	17.1%
Women employees	27%	27%	28%
Nationalities*	29	33	39

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

## Infrastructure

	Completed		Available for Expansion	
	Built up area (sq ft 000)	No. of Seats	Built up area (sq ft 000)	No. of Seats
<b>As of Sep 30, 2015</b>				
Bangalore	1,176	10,977	110	1,121
Chennai	391	3,345	47	455
Pune	149	1,327	-	-
Hyderabad	93	816	-	-
Bhubaneswar	65	240	-	-
<b>Total</b>	<b>1,874</b>	<b>16,705</b>	<b>157</b>	<b>1,576</b>

Note: Land available for expansion - 12 acres in Bhubaneswar.

## Audited Consolidated Financial Results for the Quarter and Six Months Ended September 30, 2015 (Rs. in millions, except per share data)

Particulars	Quarter ended			Six months ended		Year ended
	September 30, 2015	June 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	March 31, 2015
Income from software services	11,693	9,816	8,886	21,509	17,321	35,619
<b>Expenses</b>						
Employee benefits expense	6,868	5,712	5,193	12,580	10,050	20,747
Depreciation and amortisation expense	317	322	235	639	463	1,018
Other expenses	2,661	2,370	1,938	5,031	3,831	7,780
<b>Profit from operations before other income and finance costs</b>	<b>1,847</b>	<b>1,412</b>	<b>1,520</b>	<b>3,259</b>	<b>2,977</b>	<b>6,074</b>
Other income	131	167	139	298	212	656
Foreign exchange gain/(loss)	64	202	102	266	239	179
<b>Profit before finance costs</b>	<b>2,042</b>	<b>1,781</b>	<b>1,761</b>	<b>3,823</b>	<b>3,428</b>	<b>6,909</b>
Finance costs	2	-	-	2	-	1
<b>Profit before tax</b>	<b>2,040</b>	<b>1,781</b>	<b>1,761</b>	<b>3,821</b>	<b>3,428</b>	<b>6,908</b>
Tax expense	458	399	387	857	760	1,545
<b>Net profit for the period</b>	<b>1,582</b>	<b>1,382</b>	<b>1,374</b>	<b>2,964</b>	<b>2,668</b>	<b>5,363</b>
Paid up equity share capital (face value Rs. 10/- each)	838	838	836	838	836	837
Reserves	21,593	20,390	17,973	21,593	17,973	19,287
Basic EPS (Rs.)	18.87	16.51	16.43	35.38	31.94	64.14
Diluted EPS (Rs.)	18.82	16.45	16.36	35.27	31.79	63.85
<b>Aggregate non-promoter shareholding</b>						
Number of shares	72,303,943	72,285,173	70,506,285	72,303,943	70,506,285	72,246,343
Percentage of shareholding	86.24%	86.29%	84.29%	86.24%	84.29%	86.28%
<b>Promoters and promoter group shareholding</b>						
<b>Pledged/Encumbered</b>						
Number of shares	-	-	-	-	-	-
Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-
Percentage of shares (as a % of the total share capital of the company)	-	-	-	-	-	-
<b>Non-encumbered</b>						
Number of shares	11,531,683	11,486,029	13,137,303	11,531,683	13,137,303	11,486,029
Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%	100%	100%	100%
Percentage of shares (as a % of the total share capital of the company)	13.76%	13.71%	15.71%	13.76%	15.71%	13.72%

### AUDITED SEGMENT WISE REVENUE AND RESULTS

#### Primary segment information

Particulars	Quarter ended			Six months ended		Year ended
	September 30, 2015	June 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	March 31, 2015
<b>Segment revenue</b>						
Retail, CPG and Manufacturing	2,408	2,164	1,923	4,572	3,708	7,720
Banking, Financial Services and Insurance	2,887	2,587	2,027	5,474	3,944	8,378
Technology, Media and Services	3,558	3,116	2,904	6,674	5,661	11,641
Travel and Hospitality	1,622	1,523	1,515	3,145	2,895	5,843
Others	1,218	426	517	1,644	1,113	2,037
<b>Total</b>	<b>11,693</b>	<b>9,816</b>	<b>8,886</b>	<b>21,509</b>	<b>17,321</b>	<b>35,619</b>
<b>Segment operating income</b>						
Retail, CPG and Manufacturing	584	477	370	1,061	687	1,503
Banking, Financial Services and Insurance	426	319	159	745	360	939
Technology, Media and Services	615	528	689	1,143	1,332	2,721
Travel and Hospitality	244	219	328	463	596	1,136
Others	295	191	209	486	465	793
<b>Total</b>	<b>2,164</b>	<b>1,734</b>	<b>1,755</b>	<b>3,898</b>	<b>3,440</b>	<b>7,092</b>
<b>Unallocable</b>						
Expenses	317	322	235	639	463	1,018
Finance costs	2	-	-	2	-	1
Other income	195	369	241	564	451	835
<b>Profit before tax</b>	<b>2,040</b>	<b>1,781</b>	<b>1,761</b>	<b>3,821</b>	<b>3,428</b>	<b>6,908</b>

#### Notes on segment information

##### Principal segments

The Company is structured into five verticals –Retail, CPG and Manufacturing (RCM), Banking, Financial Services and Insurance (BFSI), Technology, Media and Services (TMS), formerly known as Hitech and Media Services, Travel and Hospitality (TH) and Others. Accordingly, the Company has presented its segment results under these business segments.

##### Segment capital employed

Segregation of assets, liabilities, depreciation and other non-cash expenses into various primary 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 Six Months Ended September 30, 2015 (Rs. in millions, except per share data)

AUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES		Rs in million	
Particulars	As at		
	September 30, 2015	March 31, 2015	
<b>Shareholders' funds</b>			
Share capital	838	837	
Reserves and surplus	21,593	19,287	
	<b>22,431</b>	<b>20,124</b>	
Share application money pending allotment	4	4	
<b>Non-current liabilities</b>			
Long-term borrowings	18	23	
Other long-term liabilities	761	334	
	<b>779</b>	<b>357</b>	
<b>Current liabilities</b>			
Trade payables	250	536	
Other current liabilities	4,228	3,465	
Short-term provisions	1,863	2,063	
	<b>6,341</b>	<b>6,064</b>	
<b>Total</b>	<b>29,555</b>	<b>26,549</b>	
<b>Non-current assets</b>			
Goodwill on consolidation	5,063	922	
Fixed assets			
Tangible assets	5,042	4,513	
Intangible assets	102	120	
Capital work-in-progress	43	354	
Non-current investments	158	8	
Deferred tax assets (net)	518	449	
Long-term loans and advances	1,679	1,640	
Other non-current assets	17	17	
	<b>12,622</b>	<b>8,023</b>	
<b>Current assets</b>			
Current investments	2,710	5,343	
Trade receivables	9,220	6,963	
Cash and bank balances	2,124	3,763	
Short-term loans and advances	1,232	1,451	
Other current assets	1,647	1,006	
	<b>16,933</b>	<b>18,526</b>	
<b>Total</b>	<b>29,555</b>	<b>26,549</b>	

### Notes to audited consolidated financial results for the quarter and six months ended September 30, 2015

1 The above results were reviewed by the Audit Committee and thereafter have been adopted by the Board at its meeting held on October 15, 2015.

2 Information on investor complaints pursuant to clause 41 of the Listing Agreement for the quarter ended September 30, 2015:

Nature of investor complaints	Opening balance	Additions	Disposal	Closing balance
Allotment/ refund/ annual report related/ others	-	111	109	2

3 EPS for the quarter is not annualized.

4 The Group has acquired 100% of the equity interest in Bluefin Solutions Limited ('Bluefin'), a leading UK based IT solutions provider specializing in SAP HANA solutions, in an all cash transaction for GBP 42.3 million. The consideration includes an upfront payment of GBP 34 million and earn out of GBP 8.3 million payable over the next three years. The transfer of equity interests and control of Bluefin is effective July 16, 2015 and consequently, Bluefin has become a 100% subsidiary of the Group effective that date. From the date of acquiring control, assets, liabilities, income and expenses are consolidated on a line by line basis. The consolidation has resulted in a goodwill of GBP 35.8 million. Results from this acquisition are grouped under Others in the segmental reporting given above.

5 The Group also acquired 100% of the equity interest in Relational Solutions, Inc a US based IT solutions provider specializing in technology services to the consumer goods industry, in an all cash transaction for USD 8.6 million. The consideration includes an upfront payment of USD 7.1 million and earn out of USD 1.5 million payable over the next two years. The transfer of equity interests and control of Relational Solutions, Inc is effective July 16, 2015 and consequently, Relational Solutions, Inc has become a 100% subsidiary of the Group effective that date. From the date of acquiring control, assets, liabilities, income and expenses are consolidated on a line by line basis. The consolidation has resulted in a goodwill of USD 8.8 million. Results from this acquisition are grouped under RCM in the segmental reporting given above.

6 The figures of current period are inclusive of Bluefin Solutions Limited and Relational Solutions, Inc which have been acquired by the company with effect from July 16, 2015 (refer note 4 and 5). Hence figures of the current period and of the previous periods are not comparable.

7 The Board of Directors at its meeting held on October 15, 2015 have recommended an interim dividend of 40% (Rs 4 per equity share of par value Rs 10 each) for the quarter ended September 30, 2015.

8 Audited financial results of Mindtree Limited (Standalone Information)

Particulars	Quarter ended			Six months ended		Year ended March 31, 2015
	September 30, 2015	June 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	
Revenues	10,682	9,623	8,886	20,305	17,321	35,474
Profit before tax	1,903	1,753	1,761	3,656	3,428	6,877
Profit after tax	1,469	1,370	1,374	2,839	2,668	5,343

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.

9 The statement of consolidated financial results have been audited by the Company's auditors. The Company's auditors have issued an unqualified 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.

10 Previous period figures have been reclassified/ regrouped wherever necessary.



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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*