



Mindtree

Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings release

First quarter ended June 30, 2015 (Q1 FY2016)

July 16, 2015

Welcome to possible

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Earnings Conference Call for Analysts / Investors

July 16, 2015 (5:30 PM IST)

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(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 July 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 1Q FY16 Webcast Link](#)

Transcript will be available on www.mindtree.com after July 24, 2015

Milestone quarter for Mindtree - Revenue crosses \$150 million. Recommends interim dividend

Bangalore (India) and Warren (NJ), July 16, 2015: [Mindtree](#), a global technology services company, announced its consolidated results today for the first quarter ended June 30, 2015, as approved by its Board of Directors.

“We have a great start to the year, driven by multi-year, multi-million dollar deals and strong contract closures. Our Digital story has taken off. We see tremendous opportunities to partner with our clients for their digital transformation initiatives. We have also crossed \$150M in revenues this quarter” said **Krishnakumar Natarajan, CEO & Managing Director, Mindtree.**

Key financial highlights:

- In USD terms:
 - Revenue at \$154.9 million (growth of 4.8% q-o-q / 9.7% y-o-y). Constant currency revenue growth of 5.2% q-o-q and 13.3% y-o-y
 - Net profit at \$21.8 million (growth of 5.5% q-o-q / 0.6% y-o-y)
- In Rupee terms:
 - Revenue at ₹ 9,816 million (growth of 6.9% q-o-q / 16.4% y-o-y)
 - Net profit at ₹ 1,382 million (growth of 7.4% q-o-q / 6.8% y-o-y)

Other highlights:

- Clients:
 - 218 active clients as of June 30, 2015
 - \$50 million clients grow to 2
- Employees:
 - 14,427 employees as of June 30, 2015
 - Added 900 employees during the quarter on a gross basis
 - Trailing 12 months attrition is at 18.4%
- Multi-year and multi-million dollar wins with leading global clients:
 - A leading personal digital media company. Mindtree will provide Application and Infrastructure Management Services

- World leader in computer software and technology. For this existing client, Mindtree will provide end-to-end services and support for its cloud offering
- Leading global insurance company. For this existing client, Mindtree will provide maintenance and support services for its reinsurance applications

- Awards and recognition:
 - Declared the Gold category award winner of the LearningElite awards 2015 by the Chief Learning Officer Magazine, for its innovative learning and development practices.
 - Earned a special recognition in the Sustained Excellence Category of BML Munjal Awards -2015, organized by the Hero Group for demonstrating business excellence through its learning and development initiatives
 - Awarded the Firm of the year in the Information Technology Sector at the CNBC-TV18 India Risk Management Awards

- Dividend announcement:
 - The Board of Directors, at its meeting held on July 16, 2015 recommended an interim dividend of 30% (₹ 3 per equity share of par value ₹ 10 each) for the quarter ended June 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

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)	Q1	Q4	Q1	Growth (%)	
	FY2015	FY2015	FY2016	Q-o-Q	Y-o-Y
Revenue	8,435	9,181	9,816	6.9%	16.4%
EBITDA	1,685	1,786	1,729	(3.2)%	2.6%
Net Profit	1,294	1,287	1,382	7.4%	6.8%
Diluted EPS (Rs.)	15.43	15.32	16.45	7.4%	6.6%

(\$ million)	Q1	Q4	Q1	Growth (%)	
	FY2015	FY2015	FY2016	Q-o-Q	Y-o-Y
Revenue*	141.3	147.8	154.9	4.8%	9.7%
EBITDA	28.2	28.7	27.3	(5.0)%	(3.3)%
Net Profit	21.7	20.7	21.8	5.5%	0.6%

* Constant currency revenue growth of 5.2% Q-o-Q and 13.3% Y-o-Y.

Rupee Dollar Rate	Q1	Q4	Q1
	FY2015	FY2015	FY2016
Period Closing rate	60.18	62.50	63.65
Period Average rate	59.71	62.13	63.35

Hedges outstanding at 30-June-15		
Currency	Value	Avg. Rate/INR
USD	30.5	64.7
EURO	4.0	72.5
GBP	2.5	100.8

Total hedges outstanding in USD terms is 39M at an average INR rate of 64.7. These are fair value hedges expiring within 30-Sep-15.

Key Ratios

Key Ratios	Q1	Q4	Q1
	FY2015	FY2015	FY2016
EBITDA Margin (%)	20.0%	19.5%	17.6%
Effective Tax Rate (%)	22.3%	22.7%	22.4%
Net Profit Margin (%)	15.3%	14.0%	14.1%
ROCE (%)	39.0%	33.3%	34.4%
DSO (Days)	71	67	69

Effective Tax Rate = Tax / PBT

ROCE = EBIT / Average Capital Employed. ROCE is annualized

Key Performance Highlights

- Milestone Quarter - Revenue crosses \$150 Million.
- BFSI increased by 10.5% q-o-q and 27.2% y-o-y., Retail, CPG and Manufacturing increased by 6.5% q-o-q and 14.3% y-o-y.
- \$50 million clients grew by 1 taking the total to 2.
- Digital/SMAC increased by 12.7% q-o-q and 19.7% y-o-y.
- Gross Addition of 900 people in the Quarter.

Key Revenue Metrics

Revenue by Geography	Q1 FY2015	Q4 FY2015	Q1 FY2016
US	59.2%	64.9%	67.5%
Europe	26.8%	23.7%	21.9%
India	3.5%	3.6%	3.4%
Rest of the World	10.5%	7.8%	7.2%
Total	100.0%	100.0%	100.0%

Revenue by Industry	Q1 FY2015	Q4 FY2015	Q1 FY2016
Hi-Tech & Media Services	32.7%	32.6%	31.7%
BFSI	22.7%	25.0%	26.4%
Retail, CPG & Manufacturing	21.2%	21.7%	22.0%
Travel & Hospitality	16.4%	16.0%	15.5%
Others	7.1%	4.7%	4.3%
Total	100.0%	100.0%	100.0%

Revenue by Service Offering	Q1 FY2015	Q4 FY2015	Q1 FY2016
Development	24.2%	23.2%	24.4%
Engineering	9.7%	10.0%	9.0%
Maintenance	20.6%	20.8%	21.7%
Consulting	3.8%	3.9%	3.7%
Package Implementation	5.4%	7.5%	7.2%
IP Led Revenue	1.7%	1.7%	1.4%
Independent Testing	15.7%	15.4%	14.9%
Infrastructure Management & Tech Support	18.9%	17.5%	17.7%
Total	100.0%	100.0%	100.0%

Digital/SMAC	31.8%	32.2%	34.7%
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Digital/SMAC includes Social Media, Mobility, Analytics, Cloud, Web-commerce.

Revenue by Project Type	Q1 FY2015	Q4 FY2015	Q1 FY2016
Fixed Cost, Fixed Monthly	43.8%	46.5%	48.9%
Time & Materials	56.2%	53.5%	51.1%
Total	100.0%	100.0%	100.0%

Revenue Mix	Q1 FY2015	Q4 FY2015	Q1 FY2016
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Effort

Onsite	17.0%	18.5%	18.6%
Offshore	83.0%	81.5%	81.4%
Total	100.0%	100.0%	100.0%

Revenue

Onsite	44.2%	47.1%	48.1%
Offshore	55.8%	52.9%	51.9%
Total	100.0%	100.0%	100.0%

Effort and Utilization

Metrics	Q1 FY2015	Q4 FY2015	Q1 FY2016	Growth (%)	
				Q-o-Q	Y-o-Y
Billed Hours					
Onsite	800,872	909,540	976,426	7.4%	21.9%
Offshore	3,917,308	4,019,146	4,265,360	6.1%	8.9%
Total	4,718,180	4,928,686	5,241,785	6.4%	11.1%
Fee Revenue (\$ 000)					
Onsite	61,793	68,874	73,732	7.1%	19.3%
Offshore	77,855	77,447	79,711	2.9%	2.4%
Total	139,648	146,322	153,443	4.9%	9.9%
Utilization					
Including Trainees	72.1%	70.2%	70.3%		
Excluding Trainees	72.4%	71.1%	71.9%		

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

Key Client Metrics

Metrics	Q1 FY2015	Q4 FY2015	Q1 FY2016
Client Details			
Number of Active clients	206	217	218
New Clients Added	3	8	16
\$1 mn clients	75	88	88
\$5 mn clients	26	28	28
\$10 mn clients	13	14	13
\$25 mn clients	5	6	6
\$50 mn clients	-	1	2

Million Dollar Clients are based on trailing 12 months revenue.

Client Contribution to Revenue	Q1 FY2015	Q4 FY2015	Q1 FY2016
Top Client	8.7%	10.1%	11.0%
Top 5 Clients	32.3%	32.3%	33.2%
Top 10 Clients	49.0%	47.3%	48.5%
Revenue from Repeat Business	99.2%	99.2%	98.9%

Contribution to revenues is based on revenues for the quarter.

Total Contract Value signed(TCV) (USD M)	Q1 FY2015	Q4 FY2015	Q1 FY2016
Renewals	NA	114.4	169.7
New	NA	49.6	38.2
Total	165.0	164.0	207.9
Expiring within 1 year	NA	157.0	158.8
Expiring > 1 year	NA	7.0	49.1

Key Employee Metrics

Mindtree Minds	Q1 FY2015	Q4 FY2015	Q1 FY2016
Total Mindtree Minds	12,845	14,202	14,427
Software Professionals	12,037	13,350	13,560
Sales	196	199	197
Support	612	653	670
Gross Additions	516	1,517	900
Net Additions	(81)	879	225
Attrition (Last Twelve Months)	14.2%	18.2%	18.4%
Women employees	27%	27%	27%
Nationalities*	25	32	33

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

Infrastructure

As of Jun 30, 2015	Completed		Available for Expansion	
	Built up area (sq ft 000)	No. of Seats	Built up area (sq ft 000)	No. of Seats
Bangalore	1,176	10,857	110	1,121
Chennai	391	3,345	47	465
Pune	149	1,327	-	-
Hyderabad	93	817	-	-
Bhubaneswar	68	240	22	-
Total	1,877	16,586	179	1,586

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

Audited Financial Results for the Quarter Ended June 30, 2015

(Rs. in millions, except per share data)

Particulars	Quarter ended			Year ended
	June 30, 2015	March 31, 2015	June 30, 2014	March 31, 2015
Income from software services	9,816	9,181	8,435	35,619
Expenses				
Employee benefits expense	5,712	5,407	4,859	20,747
Depreciation and amortisation expense	322	295	228	1,018
Other expenses	2,375	1,988	1,891	7,780
Profit from operations before other income and finance costs	1,407	1,491	1,457	6,074
Other income	172	304	73	656
Foreign exchange gain/(loss)	202	(130)	137	179
Profit before finance costs	1,781	1,665	1,667	6,909
Finance costs	-	-	-	1
Profit before tax	1,781	1,665	1,667	6,908
Tax expense	399	378	373	1,545
Net profit for the period	1,382	1,287	1,294	5,363
Paid up equity share capital (face value Rs. 10/- each)	838	837	836	837
Reserves	20,390	19,287	16,924	19,287
Basic EPS (Rs.)	16.51	15.38	15.51	64.14
Diluted EPS (Rs.)	16.45	15.32	15.43	63.85
Aggregate non-promoter shareholding				
Number of shares	72,285,173	72,246,343	69,832,876	72,246,343
Percentage of shareholding	86.29%	86.28%	83.58%	86.28%
Promoters and promoter group shareholding				
Pledged/Encumbered				
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)	-	-	-	-
Non-encumbered				
Number of shares	11,486,029	11,486,029	13,722,814	11,486,029
Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%	100%
Percentage of shares (as a % of the total share capital of the company)	13.71%	13.72%	16.42%	13.72%

AUDITED SEGMENT WISE REVENUE AND RESULTS
Primary segment information

Particulars	Quarter ended			Year ended
	June 30, 2015	March 31, 2015	June 30, 2014	March 31, 2015
Segment revenue				
Retail, CPG and Manufacturing	2,164	1,992	1,785	7,720
Banking, Financial Services and Insurance	2,587	2,293	1,917	8,378
Technology, Media and Services	3,116	2,995	2,757	11,641
Travel and Hospitality	1,523	1,469	1,380	5,843
Others	426	432	596	2,037
Total	9,816	9,181	8,435	35,619
Segment operating income				
Retail, CPG and Manufacturing	476	420	317	1,503
Banking, Financial Services and Insurance	318	252	201	939
Technology, Media and Services	526	719	643	2,721
Travel and Hospitality	218	254	268	1,136
Others	191	141	256	793
Total	1,729	1,786	1,685	7,092
Unallocable				
Expenses	322	425	228	1,018
Finance costs	-	-	-	1
Other income	374	304	210	835
Profit before tax	1,781	1,665	1,667	6,908

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 Financial Results for the Quarter Ended June 30, 2015

(Rs. in millions, except per share data)

Particulars	As at	
	June 30, 2015	March 31, 2015
	<i>Rs in million</i>	
Shareholders' funds		
Share capital	838	837
Reserves and surplus	20,390	19,287
	21,228	20,124
Share application money pending allotment	-	4
Non-current liabilities		
Long-term borrowings	18	23
Other long-term liabilities	240	334
	258	357
Current liabilities		
Trade payables	305	536
Other current liabilities	3,024	3,465
Short-term provisions	1,603	2,063
	4,932	6,064
Total	26,418	26,549
Non-current assets		
Goodwill on consolidation	922	922
Fixed assets		
Tangible assets	4,399	4,513
Intangible assets	108	120
Capital work-in-progress	555	354
Non-current investments	58	8
Deferred tax assets (net)	480	449
Long-term loans and advances	1,623	1,640
Other non-current assets	17	17
	8,162	8,023
Current assets		
Current investments	4,017	5,343
Trade receivables	7,278	6,963
Cash and bank balances	4,210	3,763
Short-term loans and advances	1,340	1,451
Other current assets	1,411	1,006
	18,256	18,526
Total	26,418	26,549

Notes to audited consolidated financial results for the quarter ended June 30, 2015

- The above results were reviewed by the Audit Committee and thereafter have been adopted by the Board at its meeting held on July 16, 2015.
- Information on investor complaints pursuant to clause 41 of the Listing Agreement for the quarter ended June 30, 2015:

Nature of Investor complaints	Opening balance	Additions	Disposal	Closing balance
Allotment/ refund/ annual report related/ others	-	104	104	-

- EPS for the quarter is not annualized.
- On July 16, 2015, the Company has entered into definitive agreements to acquire 100% 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.
- On July 16 2015, the Company has entered into definitive agreements to acquire 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 10 million. The consideration includes an upfront payment of USD 7 million and earn out of USD 3 million payable over the next two years. This acquisition is subject to customary closing conditions and regulatory approvals.
- The Board of Directors at its meeting held on July 16, 2015 have recommended an interim dividend of 30% (Rs 3 per equity share of par value Rs 10 each) for the quarter ended June 30, 2015.
- Audited financial results of Mindtree Limited (Standalone Information)

Particulars	Quarter ended			Year ended March 31, 2015
	June 30, 2015	March 31, 2015	June 30, 2014	
Revenues	9,623	9,036	8,435	35,474
Profit before tax	1,753	1,634	1,667	6,877
Profit after tax	1,370	1,267	1,294	5,343

Note: The audited results of Mindtree Limited for the above mentioned periods are available in the investors section in 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.

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



For more information please contact:

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Safe Harbor:

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Welcome to possible