



Mindtree

Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings release

Second quarter ended September 30, 2014 (Q2 FY2015)

October 15, 2014

Welcome to possible

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Earnings Conference Call for Analysts / Investors

October 15, 2014 (6:00 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 October 22, 2014

+91 22 3065 2322 (Playback id: 230712#)

Transcript will be available on www.mindtree.com after October 23, 2014

Mindtree reports strong revenue growth of 4.1% q-o-q, in dollar terms; declares interim dividend

Bangalore (India) and Warren (NJ), October 15, 2014: [Mindtree](#), a global technology services company, announced its results today for the second quarter ended September 30, 2014, as approved by its Board of Directors.

“Our deep expertise in Digital and Infrastructure services has led to continued opportunities to help our clients differentiate their business. Our strategy of becoming a leader in digital solutions is continuing to bear fruit and has contributed to another strong growth quarter for Mindtree” said **Krishnakumar Natarajan, CEO & Managing Director, Mindtree.**

Key financial highlights:

- In USD terms:
 - Revenue at \$147.05 million (growth of 4.1% q-o-q / 18.6% y-o-y)
 - Net profit at \$22.74 million (growth of 4.9% q-o-q / 9.7% y-o-y)
- In Rupee terms:
 - Revenue at ₹ 8,886 million (growth of 5.3% q-o-q / 15.5% y-o-y)
 - Net profit at ₹ 1,374 million (growth of 6.2% q-o-q / 6.8% y-o-y)

Other highlights:

- Clients:
 - 200 active clients as of September 30, 2014
 - \$30 million clients grow to 4; \$20 million clients grow to 7; \$5 million clients grow to 27
- Employees:
 - 13,018 employees as of September 30, 2014
 - Added 810 employees during the quarter on a gross basis
 - Trailing 12 months attrition is at 15.7%

- Multi-year and multi-million dollar wins with leading global clients:
 - World leader in computer software and technology. Mindtree will provide data analytics services for this existing client
 - Leading global insurance company. Mindtree will provide managed services to support underwriting applications for this existing client
 - Leading global automobile company. Mindtree will provide digital support services for this existing client

- Awards and recognition:
 - Mindtree was named in the overall leader zone by Zinnov, a leading globalization and market expansion advisory firm, in its global R&D service provider ratings 2014

- Dividend announcement:
 - The Board of Directors, at its meeting held on October 15, 2014 recommended an interim dividend of 30% (₹ 3 per equity share of par value ₹ 10 each) for the quarter ended September 30, 2014.

About Mindtree

Mindtree [NSE: MINDTREE; CIN: L72200KA1999PLC025564] delivers technology services and accelerates growth for Global 1000 companies by solving complex business challenges with breakthrough technical innovations. Mindtree specializes in e-commerce, mobility, cloud enablement, digital transformation, business intelligence, data analytics, testing, infrastructure, EAI and ERP solutions. We are among the fastest growing technology firms globally with more than 200 clients and offices in 14 countries.

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.



Please visit us at www.mindtree.com. For more information, contact:

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Key Financial Metrics

(Rs. million)	Q2	Q1	Q2	Growth (%)	
	FY2014	FY2015	FY2015	Q-o-Q	Y-o-Y
Revenue	7,696	8,435	8,886	5.3%	15.5%
EBITDA	1,599	1,685	1,755	4.2%	9.8%
Net Profit	1,287	1,294	1,374	6.2%	6.8%
Diluted EPS (Rs.) *	15.37	15.43	16.36	6.0%	6.4%

*Diluted EPS in Q2 FY14 adjusted for 1:1 bonus issue

(\$ million)	Q2	Q1	Q2	Growth (%)	
	FY2014	FY2015	FY2015	Q-o-Q	Y-o-Y
Revenue	124.0	141.3	147.0	4.1%	18.6%
EBITDA	25.7	28.2	29.0	2.9%	12.8%
Net Profit	20.7	21.7	22.7	4.9%	9.7%

Rupee Dollar Rate	Q2	Q1	Q2
	FY2014	FY2015	FY2015
Period Closing rate	62.61	60.18	61.75
Period Average rate	62.08	59.71	60.43

Key Ratios

Key Ratios	Q2	Q1	Q2
	FY2014	FY2015	FY2015
EBITDA Margin (%)	20.8%	20.0%	19.8%
Effective Tax Rate (%)	21.9%	22.3%	22.0%
Net Profit Margin (%)	16.7%	15.3%	15.5%
ROCE (%)	44.5%	39.0%	38.4%
DSO (Days)	74	71	72

Effective Tax Rate = Tax / PBT

ROCE = EBIT / Average Capital Employed. ROCE is annualized

Key Performance Highlights

- Retail, CPG & Manufacturing increased by 6.5% q-o-q and 19.0% y-o-y, Travel & Hospitality increased by 8.6% q-o-q and 30.5% y-o-y.
- Digital/SMAC services posted a growth of 8.7% q-o-q.
- \$30 million clients grow to 4; \$20 million clients grow to 7; \$5 million clients grow to 27.

Key Revenue Metrics

Revenue by Geography	Q2 FY2014	Q1 FY2015	Q2 FY2015
US	57.5%	59.2%	60.4%
Europe	28.8%	26.8%	26.1%
India	4.9%	3.5%	4.0%
Rest of the World	8.7%	10.5%	9.6%
Total	100.0%	100.0%	100.0%

Revenue by Industry	Q2 FY2014	Q1 FY2015	Q2 FY2015
Hi-Tech & Media Services*	33.1%	32.7%	32.7%
BFSI	22.7%	22.7%	22.8%
Retail, CPG & Manufacturing	21.6%	21.2%	21.6%
Travel & Hospitality*	15.5%	16.4%	17.1%
Others	7.1%	7.1%	5.8%
Total	100.0%	100.0%	100.0%

* Media & Services accounts are re-classified from Travel & Hospitality to Hi-Tech & Media Services.

Revenue by Service Offering	Q2 FY2014	Q1 FY2015	Q2 FY2015
Development	26.1%	24.2%	24.0%
Engineering	11.1%	9.7%	9.4%
Maintenance	22.7%	20.6%	21.2%
Consulting	3.0%	3.8%	4.2%
Package Implementation	2.5%	5.4%	5.4%
IP Led Revenue	0.8%	1.7%	1.6%
Independent Testing	17.6%	15.7%	15.5%
Infrastructure Management & Tech Support	16.3%	18.9%	18.7%
Total	100.0%	100.0%	100.0%
Digital/SMAC		32%	33%

Digital/SMAC includes Social Media, Mobility, Analytics, Cloud, Web-commerce.

Revenue by Project Type	Q2 FY2014	Q1 FY2015	Q2 FY2015
Fixed Cost, Fixed Monthly	40.4%	43.8%	43.6%
Time & Materials	59.6%	56.2%	56.4%
Total	100.0%	100.0%	100.0%

Revenue Mix	Q2 FY2014	Q1 FY2015	Q2 FY2015
Effort			
Onsite	16.5%	17.0%	17.6%
Offshore	83.5%	83.0%	82.4%
Total	100.0%	100.0%	100.0%
Revenue			
Onsite	41.4%	44.2%	45.6%
Offshore	58.6%	55.8%	54.4%
Total	100.0%	100.0%	100.0%

Effort and Utilization

Metrics	Q2 FY2014	Q1 FY2015	Q2 FY2015	Growth (%)	
				Q-o-Q	Y-o-Y
Billed Hours					
Onsite	703,139	800,872	865,381	8.1%	23.1%
Offshore	3,564,643	3,917,308	4,046,150	3.3%	13.5%
Total	4,267,782	4,718,180	4,911,531	4.1%	15.1%
Fee Revenue (\$ 000)					
Onsite	50,542	61,793	66,291	7.3%	31.2%
Offshore	71,558	77,855	79,224	1.8%	10.7%
Total	122,100	139,648	145,515	4.2%	19.2%
Utilization					
Including Trainees	65.9%	72.1%	73.5%		
Excluding Trainees	70.3%	72.4%	74.2%		

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

Key Customer Metrics

Metrics	Q2 FY2014	Q1 FY2015	Q2 FY2015
Client Details			
Number of Active clients	220	206	200
New Clients Added	9	3	8
\$1 mn clients	70	75	77
\$5 mn clients	21	26	27
\$10 mn clients	10	13	13
\$20 mn clients	5	6	7
\$30 mn clients	3	3	4

Million Dollar Clients are based on trailing 12 months revenue.

Client Contribution to Revenue	Q2 FY2014	Q1 FY2015	Q2 FY2015
Top Client	7.9%	8.7%	9.1%
Top 5 Clients	31.6%	32.3%	32.4%
Top 10 Clients	47.5%	49.0%	48.8%
Revenue from Repeat Business	99.4%	99.2%	99.7%

Contribution to revenues is based on revenues for the quarter.

Key Employee Metrics

Mindtree Minds	Q2 FY2014	Q1 FY2015	Q2 FY2015
Total Mindtree Minds	12,941	12,845	13,018
Software Professionals	12,169	12,037	12,204
Sales	168	196	206
Support	604	612	608
Gross Additions	1,122	516	810
Net Additions	702	(81)	173
Attrition (Last Twelve Months)	11.9%	14.2%	15.7%
Women employees	28%	27%	27%
Nationalities	24	25	29

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
As of Sep 30, 2014				
Bangalore	1,170	9,721	135	1,500
Chennai	391	3,333	-	-
Pune	115	934	33	290
Hyderabad	51	389	-	-
Total	1,727	14,377	168	1,790

Land available for expansion - 20 acres in Bhubaneswar.

Audited standalone financial results for the quarter and six months ended September 30, 2014
 (Rs. in millions, except per share data)

Particulars	Quarter ended			Six months ended		Year ended
	September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
Income from software services	8,886	8,435	7,696	17,321	14,173	30,316
Expenses						
Employee benefits expense	5,196	4,874	4,448	10,070	8,272	17,820
Depreciation	235	228	197	463	378	809
Other expenses	1,935	1,876	1,649	3,811	3,111	6,390
Profit from operations before other income and interest	1,520	1,457	1,402	2,977	2,412	5,297
Other income	139	73	48	212	165	376
Foreign exchange gain/(loss)	102	137	199	239	816	118
Profit before interest	1,761	1,667	1,649	3,428	3,393	5,791
Interest	-	-	2	-	3	4
Profit before tax	1,761	1,667	1,647	3,428	3,390	5,787
Tax expense	387	373	360	760	750	1,275
Net profit for the period	1,374	1,294	1,287	2,668	2,640	4,512
Paid up equity share capital (face value Rs. 10/- each)	836	836	416	836	416	417
Reserves	17,977	16,928	14,149	17,977	14,149	15,992
Basic EPS (Rs.)	16.43	15.51	15.48	31.94	31.77	54.25
Diluted EPS (Rs.)	16.36	15.43	15.37	31.79	31.54	53.90
Aggregate non-promoter shareholding						
Number of shares	70,506,285	69,832,876	34,673,666	70,506,285	34,673,666	34,783,777
Percentage of shareholding	84.29%	83.58%	83.40%	84.29%	83.40%	83.43%
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	13,137,303	13,722,814	6,903,614	13,137,303	6,903,614	6,905,954
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)	15.71%	16.42%	16.60%	15.71%	16.60%	16.57%

AUDITED SEGMENT WISE REVENUE AND RESULTS
Primary segment information

Particulars	Quarter ended			Six months ended		Year ended
	September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
Segment revenue						
Retail, CPG and Manufacturing	1,923	1,785	1,658	3,708	3,011	6,528
BFSI	2,027	1,917	1,746	3,944	3,226	6,986
Hitech and Media Services	2,904	2,757	2,528	5,661	4,718	9,806
Travel and Hospitality	1,515	1,380	1,215	2,895	2,170	4,735
Others	517	596	549	1,113	1,048	2,261
Total	8,886	8,435	7,696	17,321	14,173	30,316
Segment operating income						
Retail, CPG and Manufacturing	370	317	458	687	722	1,594
BFSI	159	201	79	360	123	450
Hitech and Media Services	693	646	670	1,339	1,262	2,477
Travel and Hospitality	328	268	199	596	302	697
Others	209	256	193	465	381	888
Total	1,759	1,688	1,599	3,447	2,790	6,106
Unallocable						
Expenses	239	231	197	470	378	809
Interest	-	-	2	-	3	4
Other income	241	210	247	451	981	494
Profit before tax	1,761	1,667	1,647	3,428	3,390	5,787

Notes on segment information
Principal segments

The Company is structured into five verticals –Retail, CPG and Manufacturing (RCM), Banking, Financial Services and Insurance (BFSI), Hitech and Media Services (HTMS), Travel and Hospitality (TH) and Others. Accordingly, the Company has presented its segment results under these business segments. Effective April 1, 2014, the Company has classified results of Media Services in HTMS. The results were previously classified with TH segment. The previous period/ year figures have been restated and presented in line with the current 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 standalone financial results for the quarter and six months ended September 30, 2014
(Rs. in millions, except per share data)

Particulars	As at	
	September 30, 2014	March 31, 2014
Shareholders' funds		
Share capital	836	417
Reserves and surplus	17,977	15,992
	18,813	16,409
Share application money pending allotment	8	-
Non-current liabilities		
Long-term borrowings	23	27
Other long-term liabilities	109	129
Long-term provisions	58	39
	190	195
Current liabilities		
Trade payables	125	82
Other current liabilities	2,757	2,737
Short-term provisions	1,456	1,574
	4,338	4,393
Total	23,349	20,997
Non-current assets		
Fixed assets		
Tangible assets	3,406	3,266
Intangible assets	114	170
Capital work-in-progress	884	496
Non-current investments	21	189
Deferred tax assets (net)	469	402
Long-term loans and advances	730	758
Other non-current assets	938	1,039
	6,562	6,320
Current assets		
Current investments	5,610	5,160
Trade receivables	7,241	6,004
Cash and bank balances	1,935	1,175
Short-term loans and advances	614	612
Other current assets	1,387	1,726
	16,787	14,677
Total	23,349	20,997

Notes to financial results for the quarter and six months ended September 30, 2014

- The above results were reviewed by the Audit Committee and thereafter have been adopted by the Board at its meeting held on October 15, 2014.
- The statement of financial results have been audited by the Company's auditors. The Company's auditors have issued an unqualified audit opinion on the financial results. The audit report has been filed with the stock exchanges and is also available on the Company's website.
- Item of expenditure exceeding 10% of total expenditure

Particulars	Quarter ended			Six months ended		Year ended
	September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013	March 31, 2014
Staff cost	5,153	4,838	4,413	9,991	8,207	17,672

- Information on investor complaints pursuant to clause 41 of the Listing Agreement for the quarter ended September 30, 2014:

Nature of Investor complaints	Opening balance	Additions	Disposal	Closing balance
Allotment/ refund/ annual report related/ others	-	123	123	-

- During the quarter, 87,898 shares have been issued upon exercise of stock options and restricted shares by employees.
- EPS for the quarter is not annualized.
- During the quarter, the Board of Directors have accepted the resignation of S Janakiraman, effective October 20, 2014.
- The Board of Directors at its meeting held on October 15, 2014 have recommended an interim dividend of 30% (Rs 3 per equity share of par value Rs 10 each) for the quarter ended September 30, 2014.
- Earnings per share for the quarter and six months ended September 30, 2013 and year ended March 31, 2014 have been adjusted for bonus shares issued during the quarter ended June 30, 2014 in accordance with Accounting Standard 20 on Earnings Per Share.
- Previous period figures have been reclassified/ regrouped wherever necessary.



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Safe Harbor:

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