



Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings release

Fourth quarter ended March 31, 2016

April 18, 2016

Welcome to possible

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Earnings Conference Call for Analysts / Investors

April 18, 2016 (5:30 PM IST)

Primary Number: +91 22 3938 1087

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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 April 23, 2016

+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 4Q FY16 Webcast Link](#)

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Transcript will be available on www.mindtree.com after April 23, 2016

Mindtree achieves industry leading revenue growth of 22.5% in FY16; Recommends final dividend

Bangalore (India) and Warren (NJ), April 18, 2016: [Mindtree](#), a global technology services company, announced its consolidated results today for the fourth quarter and year ended March 31, 2016, as approved by its Board of Directors.

“We aspire to become the partner of choice for global enterprises seeking disruptive models to build great business value. Our deep domain and technology expertise, combined with a sustained investment in building the workforce of tomorrow, have produced stellar results for the year.” said **Rostow Ramanan, CEO & Managing Director, Mindtree**. “FY16 has seen industry leading growth of 22.5% for Mindtree. We are confident that our strategic roadmap with digital and managed services as underlying themes backed by expert teams will help us deliver superior results going forward.”

Key financial highlights:

Quarter ended March 31, 2016

- In USD terms:
 - Revenue at \$195.6 million (growth of 6.1% q-o-q / 32.3% y-o-y). Constant currency growth of 7.1% q-o-q
 - Organic revenue (excluding acquisitions of the current year) growth of 3% q-o-q and 20.6% y-o-y. Constant currency growth of 3.6% q-o-q
 - Net profit at \$23 million (growth of 0.6% q-o-q / 11.1% y-o-y)

- In Rupee terms:
 - Revenue at ₹ 13,242 million (growth of 9% q-o-q / 44.2% y-o-y)
 - Net profit at ₹ 1,560 million (growth of 3.4% q-o-q / growth of 21.2% y-o-y)

Year ended March 31, 2016

- In USD terms:
 - Revenue at \$715.2 million (growth of 22.5%). Constant Currency growth of 26%
 - Organic revenue (excluding acquisitions of the current year) growth of 15.4%. Constant Currency growth of 18.6%
 - Net profit at \$92 million (growth of 4.7%)

- In Rupee terms:
 - Revenue at ₹ 46,896 million (growth of 31.7%)
 - Net profit at ₹ 6,033 million (growth of 12.5%)

Other highlights:

- Clients:
 - 348 active clients as of March 31, 2016
 - \$25 million clients grow to 6; \$10 million clients grow to 15; \$5 million clients grow to 31; \$1 million clients grow to 101
- People:
 - 16,623 Mindtree Minds as of March 31, 2016
 - Added 1,020 Mindtree Minds 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
 - A leading personal digital media company. For this existing client, Mindtree will provide complete application testing Services.
 - A leading provider of business support solutions. Mindtree will provide software product engineering and professional services.
 - Public Services company based in UK. Mindtree will provide SAP Application Management & Support Services. This is also our first joint win with Bluefin Solutions.
- Awards and recognition:
 - Mindtree named a Top 10 Outsourcing Provider in the Americas and EMEA regions by Information Services Group (ISG)
 - Relational Solutions, a Mindtree company, named a 2016 Readers' Choice in Demand Data Analytics by Consumer Goods Technology Magazine
 - Krishnakumar Natarajan, Chairman, Mindtree has been named as the EY Entrepreneur of the Year 2015 under the Services category
 - Mindtree has been ranked amongst the 100 "Fastest Growing Companies" by BW Businessworld
- Dividend announcement:
 - The Board of Directors at its meeting held on March 23, 2016, have declared an interim dividend of 20% (₹ 2 per equity share, after bonus issue, of par value of ₹ 10 each) for the quarter ended March 31, 2016. Further, the Board of Directors at its meeting held on April 18, 2016 have



recommended a final dividend of 30% (₹ 3 per equity share, after bonus issue, of par value ₹ 10 each) for the year ended March 31, 2016, subject to shareholder approval.

About Mindtree

Mindtree [NSE: MINDTREE] delivers digital transformation and technology services from ideation to execution, enabling Global 2000 clients to outperform the competition. “Born digital,” Mindtree takes an agile, collaborative approach to creating customized solutions across the digital value chain. At the same time, our deep expertise in infrastructure and applications management helps optimize your IT into a strategic asset. Whether you need to differentiate your company, reinvent business functions or accelerate revenue growth, we can get you there. Visit www.mindtree.com to learn more.

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)	Q4	Q3	Q4	Growth (%)	
	FY2015	FY2016	FY2016	Q-o-Q	Y-o-Y
Revenue	9,181	12,145	13,242	9.0%	44.2%
EBITDA	1,786	2,147	2,259	5.2%	26.5%
Net Profit	1,287	1,509	1,560	3.4%	21.2%
Diluted EPS (Rs.)	7.66	8.97	9.27	3.3%	21.0%

(\$ million)	Q4	Q3	Q4	Growth (%)	
	FY2015	FY2016	FY2016	Q-o-Q	Y-o-Y
Revenue	147.8	184.4	195.6	6.1%	32.3%
EBITDA	28.7	32.6	33.4	2.4%	16.1%
Net Profit	20.7	22.8	23.0	0.6%	11.1%

Rupee Dollar Rate	Q4	Q3	Q4
	FY2015	FY2016	FY2016
Period Closing rate	62.50	66.16	66.25
Period Average rate	62.13	65.90	67.73

Hedges outstanding at 31-Mar-16		
Currency	Value	Avg. Rate/INR
USD	30.5	68.5
EURO	3.3	76.2
GBP	1.5	99.4

Total hedges outstanding in USD terms is 36M at an average INR rate of 68.52. These are fair value hedges expiring within 30-Jun-16.

Key Ratios

Key Ratios	Q4	Q3	Q4
	FY2015	FY2016	FY2016
EBITDA Margin (%)	19.5%	17.7%	17.1%
Effective Tax Rate (%)	22.7%	22.7%	22.2%
Net Profit Margin (%)	14.0%	12.4%	11.8%
ROCE (%)	33.3%	33.9%	33.8%
DSO (Days)	67	71	74

Effective Tax Rate = Tax / PBT

ROCE = EBIT / Average Capital Employed. ROCE is annualized

Key Performance Highlights

- Revenue growth of 22.5% in FY 16, constant currency growth of 26%. Excluding acquisitions during the year, revenue growth of 15.4%, constant currency growth of 18.6%.
- Technology and Media Services grew by 10.2% Q-o-Q and 27.4% Y-o-Y., Travel and Hospitality grew by 9% Q-o-Q, 33.1% Y-o-Y. All verticals posted double digit growth for the year.
- Digital business grew by 13.3% Q-o-Q & 58.2% Y-o-Y; For the full year digital grew by 37.6%
- Attrition is at 15.7% which is the lowest in the last 6 quarters.
- \$5M and \$10M Clients increased by 2 to 31 and 15 respectively; \$25M Clients have increased by 1 to 6; \$1M Clients increased by 8 to 101

Key Revenue Metrics

Revenue by Geography	Q4 FY2015	Q3 FY2016	Q4 FY2016
US	64.9%	63.5%	65.9%
Europe	23.7%	26.4%	24.5%
India	3.6%	2.7%	2.8%
Rest of the World	7.8%	7.4%	6.8%
Total	100.0%	100.0%	100.0%

Revenue by Industry	Q4 FY2015	Q3 FY2016	Q4 FY2016
Technology, Media and Services*	32.6%	30.2%	31.4%
BFSI	25.0%	25.1%	23.2%
Retail, CPG & Manufacturing	21.7%	20.3%	18.2%
Travel & Hospitality	16.0%	15.6%	16.1%
Others**	4.7%	8.7%	11.1%
Total	100.0%	100.0%	100.0%

*Formerly known as Hi-Tech & Media Services ** Revenues of Bluefin solutions and Magnet 360 are included in Others

Revenue by Service Offering	Q4 FY2015	Q3 FY2016	Q4 FY2016
Development	23.2%	23.7%	23.0%
Engineering	10.0%	8.3%	9.8%
Maintenance	20.8%	19.8%	18.0%
Consulting	3.9%	2.6%	4.0%
Package Implementation	7.5%	12.9%	13.6%
IP Led Revenue	1.7%	1.8%	1.3%
Independent Testing	15.4%	12.8%	12.6%
Infrastructure Management & Tech Support	17.5%	18.1%	17.5%
Total	100.0%	100.0%	100.0%
Digital/SMAC	32.2%	36.1%	38.6%

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

Revenue by Project Type	Q4 FY2015	Q3 FY2016	Q4 FY2016
Fixed Cost, Fixed Monthly	46.5%	50.0%	47.7%
Time & Materials	53.5%	50.0%	52.3%
Total	100.0%	100.0%	100.0%

Revenue Mix	Q4 FY2015	Q3 FY2016	Q4 FY2016
Effort			
Onsite	18.5%	21.1%	22.3%
Offshore	81.5%	78.9%	77.7%
Total	100.0%	100.0%	100.0%
Revenue			
Onsite	47.1%	54.5%	57.6%
Offshore	52.9%	45.5%	42.4%
Total	100.0%	100.0%	100.0%

Effort and Utilization

Metrics	Q4 FY2015	Q3 FY2016	Q4 FY2016	Growth (%)	
				Q-o-Q	Y-o-Y
Billed Hours					
Onsite	909,540	1,193,345	1,320,161	10.6%	45.1%
Offshore	4,019,146	4,469,299	4,606,976	3.1%	14.6%
Total	4,928,686	5,662,644	5,927,138	4.7%	20.3%
Fee Revenue (\$ 000)					
Onsite	68,874	99,208	111,570	12.5%	62.0%
Offshore	77,447	82,885	82,047	(1.0)%	5.9%
Total	146,322	182,093	193,617	6.3%	32.3%
Utilization					
Including Trainees	70.2%	68.5%	69.4%		
Excluding Trainees	71.1%	69.9%	70.6%		

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

Key Client Metrics

Metrics	Q4 FY2015	Q3 FY2016	Q4 FY2016
Client Details			
Number of Active clients	217	294	348
New Clients Added	8	23	37
\$1 mn clients	88	93	101
\$5 mn clients	28	29	31
\$10 mn clients	14	13	15
\$25 mn clients	6	5	6
\$50 mn clients	1	2	2

Million Dollar Clients are based on trailing 12 months revenue.

Client Contribution to Revenue	Q4 FY2015	Q3 FY2016	Q4 FY2016
Top Client	10.1%	10.9%	11.7%
Top 5 Clients	32.3%	32.1%	29.7%
Top 10 Clients	47.3%	46.2%	42.7%
Revenue from Repeat Business	99.2%	98.5%	96.0%

Contribution to revenues is based on revenues for the quarter.

Total Contract Value signed(TCV) (USD M)	Q4 FY2015	Q3 FY2016	Q4 FY2016
Renewals	114	153	209
New	50	51	72
Total	164	204	281
Expiring within 1 year	NA	180	247
Expiring > 1 year	NA	24	34
Digital	NA	82	82

Key Employee Metrics

Mindtree Minds	Q4 FY2015	Q3 FY2016	Q4 FY2016
Total Mindtree Minds	14,202	16,243	16,623
Software Professionals	13,350	15,296	15,623
Sales	199	216	265
Support	653	731	735
Gross Additions	1,517	1,306	1,020
Net Additions	879	661	380
Attrition (Last Twelve Months)	18.2%	16.0%	15.7%
Women employees	27%	28%	28%
Nationalities*	32	49	48

*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 Mar 31, 2016				
Bangalore	1,271	12,664	14	140
Chennai	294	2,720	-	-
Pune	149	1,347	-	-
Hyderabad	93	816	-	-
Bhubaneswar	65	240		
Total	1,872	17,787	14	140

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

Audited Consolidated Financial Results for the Quarter and Year Ended March 31, 2016 (Rs. in millions, except per share data)

Particulars	<i>Rs in million, except per share data</i>				
	Quarter ended			Year ended	
	March 31, 2016	December 31, 2015	March 31, 2015	March 31, 2016	March 31, 2015
Income from software services	13,242	12,145	9,181	46,896	35,619
Expenses					
Employee benefits expense	8,197	7,249	5,401	28,026	20,710
Depreciation and amortisation expense	348	345	295	1,332	1,018
Other expenses	2,786	2,749	1,994	10,566	7,817
Profit from operations before other income, foreign exchange gain and finance costs	1,911	1,802	1,491	6,972	6,074
Other income	62	52	304	412	656
Foreign exchange gain/ (loss)	32	95	(130)	393	179
Profit before finance costs	2,005	1,949	1,665	7,777	6,909
Finance costs	1	-	-	3	1
Profit before tax	2,004	1,949	1,665	7,774	6,908
Tax expense	444	440	378	1,741	1,545
Net profit for the period	1,560	1,509	1,287	6,033	5,363
Paid up equity share capital (face value Rs. 10/- each)	1,678	839	837	1,678	837
Reserves	22,278	22,679	19,287	22,278	19,287
Basic EPS (Rs.)	9.30	9.00	7.69	35.99	32.07
Diluted EPS (Rs.)	9.27	8.97	7.66	35.89	31.94

AUDITED SEGMENT WISE REVENUE AND RESULTS
Primary segment information

Particulars	<i>Rs in million</i>				
	Quarter ended			Year ended	
	March 31, 2016	December 31, 2015	March 31, 2015	March 31, 2016	March 31, 2015
Segment revenue					
Retail, CPG and Manufacturing	2,414	2,473	1,992	9,459	7,720
Banking, Financial Services and Insurance	3,075	3,050	2,293	11,599	8,378
Technology, Media and Services	4,157	3,671	2,995	14,502	11,641
Travel and Hospitality	2,121	1,898	1,469	7,164	5,843
Others	1,475	1,053	432	4,172	2,037
Total	13,242	12,145	9,181	46,896	35,619
Segment operating income					
Retail, CPG and Manufacturing	456	542	420	2,059	1,503
Banking, Financial Services and Insurance	329	425	252	1,499	939
Technology, Media and Services	858	673	719	2,674	2,721
Travel and Hospitality	430	365	254	1,258	1,136
Others	186	142	141	814	793
Total	2,259	2,147	1,786	8,304	7,092
Unallocable					
Expenses	348	345	425	1,332	1,018
Finance costs	1	-	-	3	1
Other income (including foreign exchange gain)	94	147	304	805	835
Profit before tax	2,004	1,949	1,665	7,774	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 Consolidated Financial Results for the Quarter and Year Ended March 31, 2016 (Rs. in millions, except per share data)

AUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES		
Particulars	<i>Rs in million</i>	
	As at	
	March 31, 2016	March 31, 2015
Shareholders' funds		
Share capital	1,678	837
Reserves and surplus	22,278	19,287
	23,956	20,124
Share application money pending allotment	-	4
Non-current liabilities		
Long-term borrowings	18	23
Other long-term liabilities	1,072	334
	1,090	357
Current liabilities		
Short-term borrowings	415	-
Trade payables	1,679	1,227
Other current liabilities	4,051	2,792
Short-term provisions	2,211	2,045
	8,356	6,064
Total	33,402	26,549
Non-current assets		
Goodwill on consolidation	7,606	922
Fixed assets		
Tangible assets	4,367	4,513
Intangible assets	258	120
Capital work-in-progress	232	354
Non-current investments	58	8
Deferred tax assets (net)	602	449
Long-term loans and advances	1,855	1,640
Other non-current assets	276	17
	15,254	8,023
Current assets		
Current investments	2,101	5,343
Trade receivables	9,728	6,963
Cash and bank balances	2,332	3,763
Short-term loans and advances	1,570	1,451
Other current assets	2,417	1,006
	18,148	18,526
Total	33,402	26,549

Notes to audited consolidated financial results for the quarter and year ended March 31, 2016

- 1 The above results were reviewed by the Audit Committee and thereafter have been approved by the Board at its meeting held on April 18, 2016.
- 2 EPS for the quarter is not annualized.
- 3 The Group has issued 1:1 bonus shares during the quarter ended March 31, 2016 pursuant to shareholders approval. Earnings per share for the quarter ended December 31, 2015, March 31, 2015 and year ended March 31, 2015 have been adjusted for bonus issue.
- 4 The Board of Directors at its meeting held on March 23, 2016, have declared an interim dividend of 20% (Rs 2 per equity share, after bonus issue, of par value of Rs 10/- each) for the quarter ended March 31, 2016. Further, the Board of Directors at its meeting held on April 18, 2016 have recommended a final dividend of 30% (Rs 3 per equity share, after bonus issue, of par value Rs 10/- each) for the year ended March 31, 2016.
- 5 Effective April 1, 2016, the Board of Directors have appointed Krishnakumar Natarajan as Executive Chairman and Rostow Ramanan as CEO and Managing Director. Effective April 1, 2016, Subroto Bagchi ceases to be the Executive Chairman and will continue as a Non-executive Director.
- 6 The Group has acquired 100% membership interest in Magnet 360, LLC a US-based platinum salesforce partner specializing in multi-cloud solutions, consulting services and implementation, in an all cash transaction for USD 45.9 million. The consideration includes an upfront payment of USD 37.3 million and earn out of up to USD 8.6 million over the next two years. The transfer of membership interests and control of Magnet 360, LLC is effective January 19, 2016 and consequently, Magnet 360, LLC has become a 100% subsidiary of the Company effective that date. From the date of acquiring control, assets, liabilities, income and expenses are consolidated on a line by line basis. Results from this acquisition are grouped under Others in the segmental reporting given above.

7 Audited financial results of Mindtree Limited (Standalone Information)

Particulars	<i>Rs in million</i>				
	Quarter ended			Year ended	
	March 31, 2016	December 31, 2015	March 31, 2015	March 31, 2016	March 31, 2015
Revenues	12,051	11,209	9,036	43,565	35,474
Profit before tax	2,236	1,843	1,634	7,735	6,877
Profit after tax	1,775	1,435	1,267	6,049	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 results as stated.

- 8 The statement of consolidated financial results have been audited by the Company's auditors. The Company's auditors have issued an unmodified 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.
- 9 Previous period figures have been reclassified/ regrouped wherever necessary.



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Safe Harbor:

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Welcome to possible