

Established in 1999, MindTree Ltd. operates in two major segments, viz; production engineering (PE) services and IT services. PE services comprises of research and development (R&D) services and software product engineering (SPE). Full life cycle product engineering, professional services and sustained engineering services are provided by SPE. IT Services offer consulting and implementation and post production support for customers in manufacturing, financial services, travel and leisure and other industries.

Key Developments

Recent acquisitions undertaken by MindTree:

UK-based Bluefin Solutions, an independent consultant in SAP HANA (High Performance Analytic Appliance) solutions, was acquired by MindTree for Rs. 483 Crores in July'2015. The company also took over US-based Relational Solutions Inc (RSI), an IP-led analytic solutions provider to consumer products and goods (CPG) industry. RSI generated revenues of Rs. 192 Crores in FY15 across 30 CPG clients.

Consolidated net revenue growth stood at 16.4% in Q1FY16:

MindTree reported 16.4% YoY growth (6.9% on a QoQ basis) in its net consolidated revenues at Rs. 981.6 Crores in Q1FY16 from Rs. 843.5 Crores in Q1FY15. EBITDA increased marginally by 2.6% to Rs. 172.9 Crores during the quarter from Rs. 168.5 Crores in Q1FY15. EBITDA margins fell by 236 bps to 18% from 20% during the same period. Net profit increased by 6.8% YoY (7.4% on a QoQ basis) to Rs. 138.2 Crores in Q1FY16 from Rs. 129.4 Crores in the corresponding quarter of the last fiscal. PAT margin fell by 126 bps to 14.1% in the quarter under review from 15.3% in Q1FY15.

Order book stood at USD 208 million at the end of Q1FY16:

In the June 2015 quarter, MindTree reported total order wins of USD 208 million, up from the March quarter's order wins USD 164 million. Of the new orders, projects worth USD 159 million are scheduled for execution in the current year and the rest in the subsequent year. The company added one new client in the USD 50-million-plus category in the June quarter.

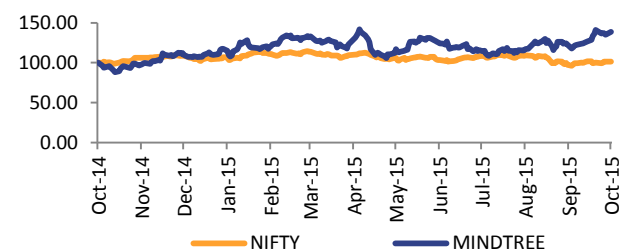
Market Data

CMP (Rs.)	1,404
Face Value	10
52 week H/L (Rs.)	1,605/967
Adj. all time High (Rs.)	1,605
Decline from 52WH (%)	12.5
Rise from 52WL (%)	45.2
Beta	1.0
Mkt. Cap (Rs. Cr)	11,753
Enterprise Value(Rs. Cr)	11,378

Fiscal Year Ended

	FY13A	FY14A	FY15A
Net Sales (Rs. cr)	2,362	3,032	3,562
Net Profit (Rs. cr)	339	451	536
Share Capital (Rs. Cr)	42	42	84
EPS (Rs.)	81.8	108.1	64.1
P/E (x)	5.6	6.2	21.9
P/BV (x)	1.4	1.7	5.8
ROE (%)	25.8	27.5	26.6

One year Price Chart



Shareholding	Jun15	Mar15	Diff.
Promoters	13.7	13.7	0.0
DII	7.4	7.9	(0.5)
FII	37.8	37.7	0.1
Others	41.1	40.7	0.4

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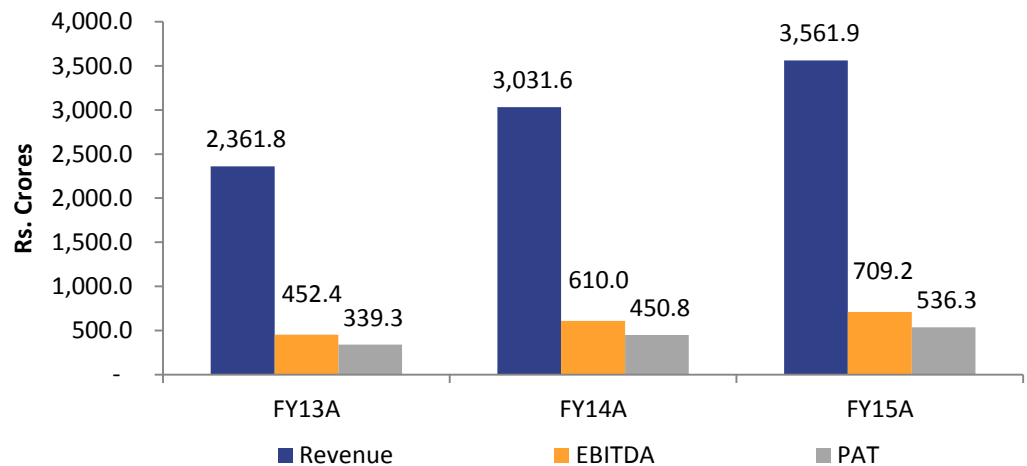
MindTree Ltd – Overview

Incorporated in the year 1999, MindTree Ltd. is an international information technology (IT) consulting and implementation company. It operates in two units: production engineering (PE) services and IT services.

PE services include research and development (R&D) services and software product engineering (SPE). SPE provides full life cycle product engineering, professional services and sustained engineering services.

IT Services offer consulting, implementation and post production support for customers in manufacturing, financial services, travel, leisure and other industries, in the areas of e-business, data warehousing and business intelligence, supply chain management, enterprise resource planning (ERP) and maintenance and re-engineering of legacy mainframe applications. MindTree has formed various business and technology alliances with big companies like Microsoft, Hewlett Packard, Oracle and many more. The client list includes names like Getronics, Sonoco, ABB, Elance, Symantec and Samsung among others.

Financial snapshot for MindTree



MindTree reported a 16.4% growth (6.9% on a QoQ basis) in its net consolidated revenues to Rs. 981.6 Crores in Q1FY16 from Rs. 843.5 Crores in Q1FY15.

Consolidated net revenue stood at Rs. 981.6 Crores in Q1FY16

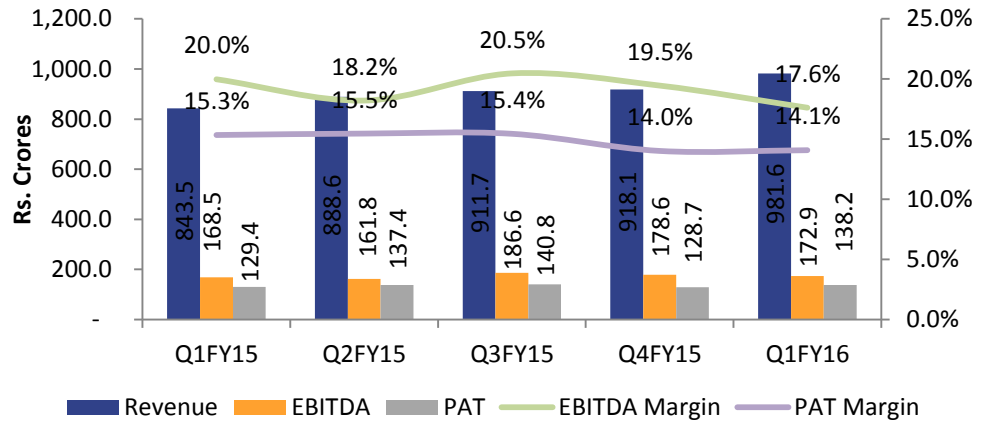
MindTree reported a 16.4% growth (6.9% on a QoQ basis) in its net consolidated revenues to Rs. 981.6 Crores in Q1FY16 from Rs. 843.5 Crores in Q1FY15. Increase in revenues was majorly on account of a revenue growth of 35.0% in the Banking, Financial Services and Insurance segment and of 21.2% in the Retail, CPG and Manufacturing segment.

EBITDA increased marginally by 2.6% to Rs. 172.9 Crores during the quarter from Rs. 168.5 Crores in Q1FY15. EBITDA margins fell by 236 bps to 18% from 20% during the same period due to an upsurge in the operating expenses of the company by 19.8% YoY.

Net profit inclined 6.8% YoY (7.4% on a QoQ basis) to Rs. 138.2 Crores in Q1FY16 from Rs. 129.4 Crores in the corresponding quarter of the last fiscal. The major factor which led to the increase in the bottom-line was an increase in the other income of the company by 78.1% YoY which offset the increase in depreciation and tax expenses by 41.2%, 7.0% respectively. PAT margin fell by 126 bps to 14.1% in the quarter under review from 15.3% in Q1FY15.

The company added 900 employees during the quarter on a gross basis taking the total headcount to 15,392 as of June 30, 2015. There were 218 active clients of MindTree as of June 30, 2015.

Quarterly performance trend



Order book stood at USD 208 million in Q1FY16

In the quarter ended June 2015, MindTree reported total order wins of USD 208 million, up from the March quarter's order wins of USD 164 million. Of the new orders, projects worth USD 159 million are scheduled for execution in the current year and the rest in the subsequent year. The company added one new client to the USD 50-million-plus category during the June quarter.

MindTree derives over 60% of its revenue from North America. In the June quarter, the company saw its US business record 9% sequential growth (in dollar terms), while the company's European business witnessed a 3.1% decline in revenue.

MindTree witnessed a total of USD 208 million worth of orders in Q1FY16. In March, 2015 the order book stood at USD 164 million.

Client details

	Q1FY15	Q4FY15	Q1FY16
USD 1 mn+	75	88	88
USD 5 mn+	26	28	28
USD 10 mn+	13	14	13
USD 25 mn+	5	6	6
USD 50 mn+	-	1	2

MindTree acquired Bluefin Solutions for a total consideration of Rs. 483 Crores in July, 2015. It also overtook Relational Solutions Inc (RSI) for a value of Rs. 600 Crores.

Major acquisitions undertaken by MindTree

MindTree acquired UK-based Bluefin Solutions, an independent consultant in SAP HANA (High Performance Analytic Appliance) solutions, for Rs. 483 Crores in July'2015. The consideration for this acquisition includes an upfront payment of Rs. 390 Crores and earn-outs of Rs. 93 Crores, payable over three years, based on set goals. In FY15, Bluefin generated Rs. 333.5 Crores revenues on an LTM basis across 60+ clients and ~170 experts.

MindTree also took over US-based Relational Solutions Inc (RSI), an IP-led analytic solutions provider to consumer products and goods (CPG) industry, for a total consideration of ~Rs. 600 Crores. This value includes an upfront payment of Rs. 420 Crores and earn-outs of Rs. 180 Crores, payable over two years. RSI generated revenues of Rs. 192 Crores in FY15 across 30 CPG clients (including two out of the top 10 global FMCG companies).

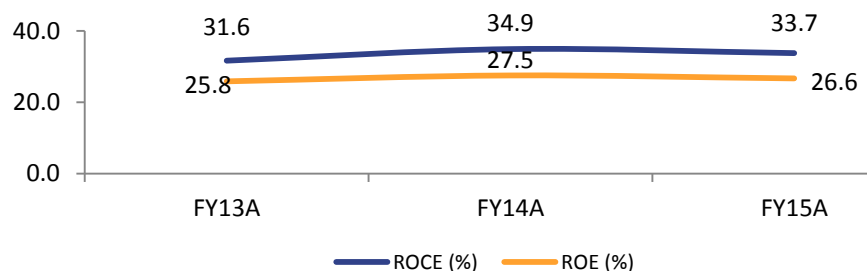
Revenue growth by service offerings

Service	Q1FY15	Q4FY15	Q1FY16
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%
IM and Tech support	18.9%	17.5%	17.7%

Increasing focus on new technologies

The company continues to witness growth in the revenue contribution from the Digital/SMAC vertical, with the contribution from the Digital vertical in Q1FY16 rose to ~35% to its top-line as compared to the contribution of 32.2% in Q4FY15 and 31.8% in Q1FY15. MindTree has created ecosystem of partnership for Digital (Intel, Cisco, Microsoft, SAP, ThingWorx), Cognitive Computing (Universities, Start-ups), and Autonomic Computing (IBM, Microsoft).

Return ratios trend



Balance Sheet (Consolidated)

(Rs. Cr)	FY13A	FY14A	FY15A
Share Capital	42	42	84
Reserve and surplus	1,272	1,599	1,929
Net Worth	1,314	1,641	2,012
Total Debt	25	3	2
Other non-current liabilities	6	17	33
Total Equity & Liabilities	1,344	1,660	2,048
Fixed Assets	316	393	591
Net current assets	826	1,047	1,247
Deferred tax (net) assets	36	40	45
Other non-current assets	166	180	166
Total Assets	1,344	1,660	2,048

Cash Flow (Consolidated)

Y/E (Rs. Cr)	FY13A	FY14A	FY15A
Net profit/loss before tax	424	578	691
Net cashflow from operating activities	269	329	605
Net cash used in investing activities	(192)	(224)	(210)
Net cash used from financing activities	(13)	(111)	(138)
Net inc/dec in cash and cash equivalents	65	(7)	258
Cash and cash equivalents begin of year	60	125	118
Cash and cash equivalents end of year	125	118	376

Financial performance snapshot

For the year ended 2015, MindTree's revenue was Rs. 3,561.9 Crores (USD 583.8 million), a 17.5% growth over the previous year in rupee terms and 16.4% growth in USD terms. The net profit grew 19% (in rupee terms) and 17.9% (in USD terms) over the previous year. The company's cash and liquid investments stood at Rs. 910.6 Crores. The company's ROCE stood at 33.7%. The company ended the year with 14,202 MindTree Minds. During the year under review, the company opened two new training centres in Bhubaneswar and Washington. It also acquired Discoverture Solutions L.L.C. aiding it to expand its reach to serve clients in the insurance industry. This contributed Rs. 162 Crores in revenues and Rs. 21.6 Crores in net profits for the year.

Profit & Loss Account (Consolidated)

(Rs. Cr)	FY13A	FY14A	FY15A
Net Sales	2,362	3,032	3,562
Expenses	1,909	2,422	2,853
EBITDA	452	610	709
Other Income	35	50	84
Depreciation	62	81	102
EBIT	425	579	691
Interest	1	0.1	0.1
Profit Before Tax	424	578	691
Tax	85	128	155
Net Profit	339	451	536

Key Ratios (Consolidated)

	FY13A	FY14A	FY15A
EBITDA Margin (%)	19.2	20.1	19.9
EBIT Margin (%)	18.0	19.1	19.4
NPM (%)	14.4	14.9	15.1
ROCE (%)	31.6	34.9	33.7
ROE (%)	25.8	27.5	26.6
EPS (Rs.)	81.8	108.1	64.1
P/E (x)	5.6	6.2	21.9
BVPS (Rs.)	316.6	393.4	240.4
P/BVPS (x)	1.4	1.7	5.8
EV/EBITDA (x)	3.9	4.4	16.0



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