



## Suresh Rao, Group CFO, Mindteck India Ltd

Yash Ved / 10:36 , Jan 23, 2012



**Suresh Rao, Group CFO, Mindteck India Ltd** holds a Bachelors in Commerce. He is a Chartered Accountant and holds an ICWA (Inter). He heads the Global Finance function for Mindteck Group and is the Head of India Operations. He has been with the organization for a little more than a year. Suresh has more than 22 years of experience.

**Mindteck** is a Product Engineering and Information Technology solutions company with global presence, offering end-to-end services to a breadth of clientele from the Fortune 2000 companies.



Mindteck's focus on industry domains such as Life Sciences, Smart Energy, Financials Services, Public Sector and Semiconductors has led to the development of dedicated, innovation led, technology specific Centres of Excellence in these areas. The company has offices and development centers in India, USA, UK, Germany, Netherlands, Singapore, Malaysia, and Bahrain.

Replying to **Yash Ved** of *IIFL*, Suresh Rao says, "We are looking at improving our margins by increasing our offshore presence in the overall business."

### What is the outlook on the IT sector?

The general industry outlook is good in spite of the global economic uncertainty. This is the new normal where both clients and vendors have learnt to cope with uncertainty and perceived instability with the economic conditions. There is a one off delay in clinching a deal, that does increase the lead time but we do not see major pressures with pricing and demand. Demand for services has witnessed positive traction in the industry segments that we operate in and, more or less, client budgets have sustained over the last 10- 12 months.

### How your business has been evolved over the couple of years?

We are seeing more traction in R&D and Engg software services in the verticals we operate in, namely Life Sciences/Analytical Instruments and Smart Energy. Notably, there has been an uptick on the smart energy services using Zigbee technology and Mindteck is well positioned to leverage this opportunity in the current and immediate future. Besides, Semiconductor Industry has witnessed appreciable momentum and we look forward to growth in this segment as well. In terms of geographical spread, we remain focused on USA as our major market while trying to penetrate APAC and Middle East for Govt and Enterprise businesses.

Tell us about your overseas expansion plans? How much it contributes your revenue?  
We already have significant overseas presence in the USA, where we have about 300 people on board working on Govt projects primarily. This business contributes about 50% to 60% of our global revenue. We expect to grow this business significantly backed by likelihood of increased Govt spend in the USA in 2012.

**What kind of opportunities do you see in India?**

We have seen some momentum for our smart energy services and particularly, the use of Zigbee technology for electronic devices at OEM levels. We expect to encash this growing interest in the immediate future.

**How much top 5 clients contribute your revenue?**

About 60% of revenue comes from top 5 clients.

**Comment on your capex plans? How are you planning to raise the funds?**

We are planning to expand our team in India and also go in for replacement of some of our older machines. An outlay of about USD 0.5 to 0.75 m is expected on this account. Upgrading of our R&D and testing Laboratories could involve about \$0.5 m additionally. These outlays are expected to be met from our internal surpluses.

**What is your outlook on pricing and margins?**

Our Pricing and margins largely remain intact. We are looking at bettering margins in niche areas where our worth is proven.

**What are your plans for acquisition? What is the deal size are you looking at?**

At present we are looking at improving our margins by increasing our offshore presence in the overall business. At an appropriate stage, in execution of this strategy, we may not rule out acquisitions.

**What is the revenue mix?**

Geo-wise we record about 83% of our revenues from USA, with APAC and EMEA contributing the balance equally. We do not foresee major changes with this distribution at least in the next 2 years. Offshore leverage continues to be lower than desired at about 25% but we have seen this improve in the last one year from levels that were closer to 20%. We look forward to significant improvement in this metric over the next 2 years.

**What are your hiring plans?**

In the next 18 to 24 months, we propose to add about 200 people in India. This would mean an increase in current offshore size by about 50%. Looking at current trends, we do believe overseas headcount should grow by about 20 to 25% over the next 1-2 years.

<http://www.indiaonline.com/Research/LeaderSpeak/Suresh-Rao-Group-CFO-Mindteck-India-Ltd/30991345>