



Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings release

Third quarter ended December 31, 2014 (Q3 FY2015)

January 19, 2015

Welcome to possible

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Earnings Conference Call for Analysts / Investors

January 19, 2015 (6:00 PM IST)

Primary Number: +91 22 3938 1087

Secondary Number: +91 22 6746 4187

(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 January 26, 2015

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

Transcript will be available on www.mindtree.com after January 27, 2015

Mindtree's net profit surges 60.5% y-o-y in dollar terms; declares interim dividend

Bangalore (India) and Warren (NJ), January 19, 2015: [Mindtree](#), a global technology services company, announced its results today for the third quarter ended December 31, 2014, as approved by its Board of Directors.

“Our clients continue to look at Mindtree as their partner of choice for Digital Transformation, all the way from innovation to rapid execution. Our ability to drive significant optimization in our chosen verticals, in IT and application management, remains a strong foundation for delivering sustained value to our clients. Together with digital, the Mindtree story is becoming stronger than ever before” said **Krishnakumar Natarajan, CEO & Managing Director, Mindtree.**

Key financial highlights:

- In USD terms:
 - Revenue at \$147.7 million (growth of 0.4% q-o-q / 16.2% y-o-y). Constant currency revenue growth of 2% q-o-q
 - Net profit at \$22.8 million (growth of 0.3% q-o-q / 60.5% y-o-y)

- In Rupee terms:
 - Revenue at ₹ 9,117 million (growth of 2.6% q-o-q / 15.3% y-o-y)
 - Net profit at ₹ 1,408 million (growth of 2.5% q-o-q / 58.6% y-o-y)

Other highlights:

- Clients:
 - 201 active clients as of December 31, 2014
 - Adds one client to \$50 million category

- Employees:
 - 13,323 employees as of December 31, 2014
 - Added 1,016 employees during the quarter on a gross basis
 - Trailing 12 months attrition is at 18.1%

- Awards and recognition:
 - Ranked in top 5 in the Asiamoney Corporate Governance Poll (India) across categories such as overall corporate governance, disclosure and transparency, shareholder rights and investor relations
 - World rank #4 in 2014 by Association for Talent Development dedicated to learning, training and talent development
 - Krishnakumar Natarajan, MD & CEO, Mindtree was awarded the Best CEO under the IT/ITES (Mid-sized companies) category at the India's Best CEO 2014 awards by Business Today-PricewaterhouseCoopers

- Dividend announcement:
 - The Board of Directors, at its meeting held on January 19, 2015 recommended an interim dividend of 40% (₹ 4 per equity share of par value ₹ 10 each) for the quarter ended December 31, 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

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

Priyanka Waghre

Mindtree

+91 98867 29295

Priyanka.Waghre@mindtree.com

Siddhartha Tanti

Genesis Burson-Marsteller

+91 99863 62435

Siddhartha.Tanti@bm.com

Kiran Farooque

PPR Worldwide

+44 0 207 300 6181

Kiran.Farooque@pprww.com

Sarah Elder

Max Borges Agency

+1 415.548.6850

sarahelder@maxborgesagency.com

Mindtree Limited, Global Village, RVCE Post, Mysore Road, Bangalore-560059;
CIN: L72200KA1999PLC025564; Phone: + 91 80 6706 4000; Fax: +91 80 6706 4100;
E-mail: info@mindtree.com/investors@mindtree.com; Website: www.mindtree.com

Key Financial Metrics

(Rs. million)	Q3	Q2	Q3	Growth (%)	
	FY2014	FY2015	FY2015	Q-o-Q	Y-o-Y
Revenue	7,906	8,886	9,117	2.6%	15.3%
EBITDA	1,544	1,755	1,866	6.3%	20.9%
Net Profit	888	1,374	1,408	2.5%	58.6%
Diluted EPS (Rs.) *	10.58	16.36	16.74	2.3%	58.2%

*Diluted EPS in Q3 FY14 adjusted for 1:1 bonus issue

(\$ million)	Q3	Q2	Q3	Growth (%)	
	FY2014	FY2015	FY2015	Q-o-Q	Y-o-Y
Revenue	127.1	147.0	147.7	0.4%	16.2%
EBITDA	24.8	29.0	30.2	4.1%	22.1%
Net Profit	14.2	22.7	22.8	0.3%	60.5%

Rupee Dollar Rate	Q3	Q2	Q3
	FY2014	FY2015	FY2015
Period Closing rate	61.81	61.75	63.04
Period Average rate	62.20	60.43	61.73

Key Ratios

Key Ratios	Q3	Q2	Q3
	FY2014	FY2015	FY2015
EBITDA Margin (%)	19.5%	19.8%	20.5%
Effective Tax Rate (%)	22.6%	22.0%	22.5%
Net Profit Margin (%)	11.2%	15.5%	15.4%
ROCE (%)	29.6%	38.4%	37.5%
DSO (Days)	73	72	70

Effective Tax Rate = Tax / PBT

ROCE = EBIT / Average Capital Employed. ROCE is annualized

Key Performance Highlights

- BFSI increased by 3.5% q-o-q and 17.0% y-o-y, Retail, CPG & Manufacturing increased by 2.9% q-o-q and 19.8% y-o-y.
- First client in the \$50 million category.
- Gross addition of 1016 people in the quarter.

Key Revenue Metrics

Revenue by Geography	Q3 FY2014	Q2 FY2015	Q3 FY2015
US	57.6%	60.4%	63.1%
Europe	28.3%	26.1%	24.2%
India	4.7%	4.0%	4.1%
Rest of the World	9.3%	9.6%	8.6%
Total	100.0%	100.0%	100.0%

Revenue by Industry	Q3 FY2014	Q2 FY2015	Q3 FY2015
Hi-Tech & Media Services*	31.7%	32.7%	32.7%
BFSI	23.3%	22.8%	23.5%
Retail, CPG & Manufacturing	21.5%	21.6%	22.2%
Travel & Hospitality*	15.9%	17.1%	16.2%
Others	7.5%	5.8%	5.4%
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	Q3 FY2014	Q2 FY2015	Q3 FY2015
Development	25.3%	24.0%	23.7%
Engineering	10.1%	9.4%	10.3%
Maintenance	23.7%	21.2%	21.4%
Consulting	3.3%	4.2%	4.1%
Package Implementation	2.4%	5.4%	5.8%
IP Led Revenue	0.7%	1.6%	1.6%
Independent Testing	16.6%	15.5%	15.4%
Infrastructure Management & Tech Support	17.8%	18.7%	17.6%
Total	100.0%	100.0%	100.0%
Digital/SMAC		33%	33%

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

Revenue by Project Type	Q3 FY2014	Q2 FY2015	Q3 FY2015
Fixed Cost, Fixed Monthly	41.4%	43.6%	46.5%
Time & Materials	58.6%	56.4%	53.5%
Total	100.0%	100.0%	100.0%

Revenue Mix	Q3 FY2014	Q2 FY2015	Q3 FY2015
Effort			
Onsite	16.3%	17.6%	18.2%
Offshore	83.7%	82.4%	81.8%
Total	100.0%	100.0%	100.0%
Revenue			
Onsite	42.8%	45.6%	45.8%
Offshore	57.2%	54.4%	54.2%
Total	100.0%	100.0%	100.0%

Effort and Utilization

Metrics	Q3 FY2014	Q2 FY2015	Q3 FY2015	Growth (%)	
				Q-o-Q	Y-o-Y
Billed Hours					
Onsite	712,041	865,381	880,982	1.8%	23.7%
Offshore	3,643,072	4,046,150	3,957,435	(2.2)%	8.6%
Total	4,355,113	4,911,531	4,838,418	(1.5)%	11.1%
Fee Revenue (\$ 000)					
Onsite	53,579	66,291	67,005	1.1%	25.1%
Offshore	71,744	79,224	79,334	0.1%	10.6%
Total	125,324	145,515	146,339	0.6%	16.8%
Utilization					
Including Trainees	67.4%	73.5%	71.8%		
Excluding Trainees	68.7%	74.2%	74.2%		

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

Key Customer Metrics

Metrics	Q3 FY2014	Q2 FY2015	Q3 FY2015
Client Details			
Number of Active clients	208	200	201
New Clients Added	9	8	5
\$1 mn clients	68	77	83
\$5 mn clients	22	27	27
\$10 mn clients	13	13	13
\$20 mn clients	6	7	6
\$30 mn clients	3	4	4
\$50 mn clients	-	-	1

Million Dollar Clients are based on trailing 12 months revenue.

Client Contribution to Revenue	Q3 FY2014	Q2 FY2015	Q3 FY2015
Top Client	7.8%	9.1%	9.6%
Top 5 Clients	32.3%	32.4%	32.5%
Top 10 Clients	48.9%	48.8%	48.1%
Revenue from Repeat Business	99.6%	99.7%	99.4%

Contribution to revenues is based on revenues for the quarter.

Key Employee Metrics

Mindtree Minds	Q3 FY2014	Q2 FY2015	Q3 FY2015
Total Mindtree Minds	12,992	13,018	13,323
Software Professionals	12,193	12,204	12,500
Sales	187	206	207
Support	612	608	616
Gross Additions	397	810	1,016
Net Additions	51	173	305
Attrition (Last Twelve Months)	11.6%	15.7%	18.1%
Women employees	28%	27%	27%
Nationalities	24	29	30

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

Infrastructure

As of Dec 31, 2014	Completed		Available for Expansion	
	Built up area (sq ft 000)	No. of Seats	Built up area (sq ft 000)	No. of Seats
Bangalore	1,240	10,406	65	600
Chennai	391	3,364	-	-
Pune	115	934	33	290
Hyderabad	93	789	-	-
Total	1,839	15,493	98	890

Land available for expansion - 20 acres in Bhubaneswar.

Audited standalone financial results for the quarter and nine months ended December 31, 2014

(Rs. in millions, except per share data)

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2014	September 30, 2014	December 31, 2013	December 31, 2014	December 31, 2013	March 31, 2014
Income from software services	9,117	8,886	7,906	26,438	22,079	30,316
Expenses						
Employee benefits expense	5,264	5,196	4,679	15,334	12,951	17,820
Depreciation	260	235	208	723	586	809
Other expenses	1,987	1,935	1,683	5,798	4,794	6,390
Profit from operations before other income and interest	1,606	1,520	1,336	4,583	3,748	5,297
Other income	140	139	83	352	248	376
Foreign exchange gain/(loss)	70	102	(272)	309	544	118
Profit before interest	1,816	1,761	1,147	5,244	4,540	5,791
Interest	1	-	1	1	4	4
Profit before tax	1,815	1,761	1,146	5,243	4,536	5,787
Tax expense	407	387	258	1,167	1,008	1,275
Net profit for the period	1,408	1,374	888	4,076	3,528	4,512
Paid up equity share capital (face value Rs. 10/- each)	837	836	416	837	416	417
Reserves	18,999	17,977	15,268	18,999	15,268	15,992
Basic EPS (Rs.)	16.81	16.43	10.66	48.76	42.43	54.25
Diluted EPS (Rs.)	16.74	16.36	10.58	48.53	42.18	53.90
Aggregate non-promoter shareholding						
Number of shares	72,202,619	70,506,285	34,722,578	72,202,619	34,722,578	34,783,777
Percentage of shareholding	86.26%	84.29%	83.42%	86.26%	83.42%	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	11,501,029	13,137,303	6,903,614	11,501,029	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)	13.74%	15.71%	16.58%	13.74%	16.58%	16.57%

AUDITED SEGMENT WISE REVENUE AND RESULTS

Primary segment information

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2014	September 30, 2014	December 31, 2013	December 31, 2014	December 31, 2013	March 31, 2014
Segment revenue						
Retail, CPG and Manufacturing	2,020	1,923	1,700	5,728	4,711	6,528
BFSI	2,141	2,027	1,844	6,085	5,070	6,986
Hitech and Media Services	2,985	2,904	2,489	8,646	7,207	9,806
Travel and Hospitality	1,479	1,515	1,278	4,374	3,448	4,735
Others	492	517	595	1,605	1,643	2,261
Total	9,117	8,886	7,906	26,438	22,079	30,316
Segment operating income						
Retail, CPG and Manufacturing	396	370	401	1,083	1,123	1,594
BFSI	327	159	122	687	245	450
Hitech and Media Services	675	693	594	2,014	1,856	2,477
Travel and Hospitality	286	328	190	882	492	697
Others	187	209	237	652	618	888
Total	1,871	1,759	1,544	5,318	4,334	6,106
Unallocable						
Expenses	265	239	480	735	586	809
Interest	1	-	1	1	4	4
Other income	210	241	83	661	792	494
Profit before tax	1,815	1,761	1,146	5,243	4,536	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 nine months ended December 31, 2014
 (Rs. in millions, except per share data)

Particulars	As at	
	Rs in million	
	December 31, 2014	March 31, 2014
Shareholders' funds		
Share capital	837	417
Reserves and surplus	18,999	15,992
	19,836	16,409
Non-current liabilities		
Long-term borrowings	23	27
Other long-term liabilities	109	129
Long-term provisions	-	39
	132	195
Current liabilities		
Trade payables	214	82
Other current liabilities	3,214	2,737
Short-term provisions	1,571	1,574
	4,999	4,393
Total	24,967	20,997
Non-current assets		
Fixed assets		
Tangible assets	3,887	3,266
Intangible assets	90	170
Capital work-in-progress	676	496
Non-current investments	22	189
Deferred tax assets (net)	447	402
Long-term loans and advances	684	758
Other non-current assets	1,016	1,039
	6,822	6,320
Current assets		
Current investments	6,273	5,160
Trade receivables	7,145	6,004
Cash and bank balances	2,634	1,175
Short-term loans and advances	686	612
Other current assets	1,407	1,726
	18,145	14,677
Total	24,967	20,997

Notes to financial results for the quarter and nine months ended December 31, 2014

- The above results were reviewed by the Audit Committee and thereafter have been adopted by the Board at its meeting held on January 19, 2015.
- 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.
- Information on investor complaints pursuant to clause 41 of the Listing Agreement for the quarter ended December 31, 2014:

Nature of Investor complaints	Opening balance	Additions	Disposal	Closing balance
Allotment/ refund/ annual report related/ others	-	67	66	1
- During the quarter, 60,060 shares have been issued upon exercise of stock options and restricted shares by employees.
- EPS for the quarter is not annualized.
- The Board of Directors at its meeting held on January 19, 2015 have recommended an interim dividend of 40% (Rs 4 per equity share of par value Rs 10 each) for the quarter ended December 31, 2014. Accordingly, the cumulative interim dividend declared by the Board of Directors for the nine months ended December 31, 2014 aggregates to 70% (Rs 7 per equity share of par value Rs 10 each).
- Earnings per share for the quarter and nine months ended December 31, 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.
- On January 19, 2015, the Company entered into definitive agreements to acquire 100% of the equity interest in Discoverture Solutions L.L.C, a leading US based solutions provider to the insurance industry, in an all cash transaction for USD 15 million, payable over the next 18 months and earn outs based on future revenue targets. This acquisition is subject to customary closing conditions and regulatory approvals.
- Previous period figures have been reclassified/ regrouped wherever necessary.



For more information please contact:

Sushanth Pai
Mindtree Limited
Sushanth.pai@mindtree.com

Safe Harbor:

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.

Welcome to possible