



Mindtree

Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings release

First quarter ended June 30, 2014 (Q1 FY2015)

July 17, 2014

Welcome to possible

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Earnings Conference Call for Analysts / Investors

July 17, 2014 (5:30 PM IST)

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Replay of conference call available until July 24, 2014

+91 22 3065 1212 (Playback id: 230712#)

Transcript will be available on www.mindtree.com after July 24, 2014

Mindtree reports strong revenue growth of 6.4% q-o-q, in dollar terms

Bangalore (India) and Warren (NJ), July 17, 2014: [Mindtree](#), a global information technology services company, announced its results today for the first quarter ended June 30, 2014, as approved by its Board of Directors.

“Our expertise-led strategy continues to deliver stellar results for our clients and for Mindtree. We are seeing good traction with clients through multi-year, multi-million dollar deals. Apart from strong demand across the traditional service lines, we are now getting picked up as the lead partner for digital by many Fortune 100 customers.” said **Krishnakumar Natarajan, CEO & Managing Director, Mindtree.**

Key financial highlights:

- In USD terms:
 - Revenue at \$141.3 million (growth of 6.4% q-o-q / 20.1% y-o-y)
 - Net profit at \$21.7 million (growth of 36.7% q-o-q / decline* of 11.9% y-o-y)

- In Rupee terms:
 - Revenue at ₹ 8,435 million (growth of 2.4% q-o-q / 30.2% y-o-y)
 - Net profit at ₹ 1,294 million (growth of 31.5% q-o-q / decline* of 4.4% y-o-y)

**Due to large forex gain in Q1 of FY2013-14 as a result of the market swing during that quarter*

Other highlights:

- Clients:
 - 206 active clients as of June 30, 2014
 - \$5 million clients grow to 26; \$1 million clients grow to 75

- Employees:
 - 12,845 employees as of June 30, 2014
 - Added 516 employees during the quarter on a gross basis
 - Trailing 12 months attrition is at 14.2%

- Multi-year and multi-million dollar wins with leading global clients:
 - One of the world's largest broadcasting companies: Mindtree will provide digital and testing services for this existing client
 - Leading food manufacturing company: Mindtree is the global digital marketing partner for all of its digital properties
 - Leading pediatric nutrition company: Mindtree is the lead digital marketing developer for its global web platform project
 - Leading Semiconductor company: Mindtree is a "Preferred Supplier" for its managed services

- Awards and Recognition:
 - Scott Staples, President, Sales was recognized as the Regional Entrepreneur of the Year by Ernst & Young. Among a field of outstanding competitors, Scott was honored for his dedication, brilliance, courage and leadership
 - Mindtree ranked #33 in the Global Outsourcing 100 List by IAOP. Mindtree is among the top list climbers and is among the Top 20 leaders in Retail & Consumer Goods, Financial Services (Insurance), Technology (Hardware & Software), Information/Communication Technology Services

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.

We deliver amazing results: Helping 100 million passengers fly safely. Improving security and performance for one of the world's largest e-commerce stores. Unifying brand messaging and improving engagement for one billion consumers. For Mindtree, "Welcome to possible" is more than a slogan - it reflects our approach for every engagement.

Visit us at www.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.

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

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Key Financial Metrics

(Rs. million)	Q1	Q4	Q1	Growth (%)	
	FY2014	FY2014	FY2015	Q-o-Q	Y-o-Y
Revenue	6,477	8,237	8,435	2.4%	30.2%
EBITDA	1,191	1,772	1,685	(4.9)%	41.5%
Net Profit	1,353	984	1,294	31.5%	(4.4)%
Diluted EPS (Rs.)*	16.17	11.74	15.43	31.4%	(4.6)%

* Previous quarters EPS adjusted for 1:1 bonus issue

(\$ million)	Q1	Q4	Q1	Growth (%)	
	FY2014	FY2014	FY2015	Q-o-Q	Y-o-Y
Revenue	117.7	132.8	141.3	6.4%	20.1%
EBITDA	21.6	28.6	28.2	(1.3)%	30.4%
Net Profit	24.6	15.9	21.7	36.7%	(11.9)%

Rupee Dollar Rate	Q1	Q4	Q1
	FY2014	FY2014	FY2015
Period Closing rate	59.39	59.92	60.18
Period Average rate	55.05	62.04	59.71

Key Ratios

Key Ratios	Q1	Q4	Q1
	FY2014	FY2014	FY2015
EBITDA Margin (%)	18.4%	21.5%	20.0%
Effective Tax Rate (%)	22.4%	21.3%	22.3%
Net Profit Margin (%)	20.9%	11.9%	15.3%
ROCE (%)	50.1%	31.1%	39.0%
DSO (Days)	77	72	71

Notes:

1 Effective Tax Rate = Tax / PBT

2 ROCE = EBIT / Average Capital Employed. ROCE is annualized

Key Performance Highlights

- ROCE for the quarter improved to 39% as compared to 31.1% in the previous quarter.
- Hi-Tech and Media services increased by 9.5% q-o-q and 15.2% y-o-y, Travel & Hospitality increased by 13.2% q-o-q and 35.6% y-o-y.
- Package Implementation has posted a growth of 37.5% q-o-q and 101.5% y-o-y.
- \$5 million clients grow to 26; \$1 million clients grow to 75.

Key Revenue Metrics

Revenue by Geography	Q1 FY2014	Q4 FY2014	Q1 FY2015
US	57.8%	58.8%	59.2%
Europe	27.4%	28.0%	26.8%
India	5.8%	3.7%	3.5%
Rest of the World	9.0%	9.4%	10.5%
Total	100.0%	100.0%	100.0%

Revenue by Industry	Q1 FY2014	Q4 FY2014	Q1 FY2015
Hi-Tech & Media Services*	34.1%	31.8%	32.7%
BFSI	22.8%	23.3%	22.7%
Retail, CPG & Manufacturing	20.9%	22.1%	21.2%
Travel & Hospitality*	14.5%	15.4%	16.4%
Others	7.7%	7.5%	7.1%
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	Q1 FY2014	Q4 FY2014	Q1 FY2015
Development	26.5%	23.3%	24.2%
Engineering	11.3%	9.8%	9.7%
Maintenance	22.5%	22.6%	20.6%
Consulting	2.8%	3.8%	3.8%
Package Implementation	3.2%	4.1%	5.4%
IP Led Revenue	1.5%	1.1%	1.7%
Independent Testing	18.0%	16.7%	15.7%
Infrastructure Management & Tech Support	14.3%	18.6%	18.9%
Total	100.0%	100.0%	100.0%
Digital/SMAC		32%	32%

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

Revenue by Project Type	Q1 FY2014	Q4 FY2014	Q1 FY2015
Fixed Cost, Fixed Monthly	40.8%	42.5%	43.8%
Time & Materials	59.2%	57.5%	56.2%
Total	100.0%	100.0%	100.0%

Revenue Mix	Q1 FY2014	Q4 FY2014	Q1 FY2015
Effort			
Onsite	15.1%	17.2%	17.0%
Offshore	84.9%	82.8%	83.0%
Total	100.0%	100.0%	100.0%
Revenue			
Onsite	38.7%	43.8%	44.2%
Offshore	61.3%	56.2%	55.8%
Total	100.0%	100.0%	100.0%

Effort and Utilization

Metrics	Q1 FY2014	Q4 FY2014	Q1 FY2015	Growth (%)	
				Q-o-Q	Y-o-Y
Billed Hours					
Onsite	608,869	764,071	800,872	4.8%	31.5%
Offshore	3,426,583	3,685,294	3,917,308	6.3%	14.3%
Total	4,035,452	4,449,365	4,718,180	6.0%	16.9%
Fee Revenue (\$ 000)					
Onsite	45,077	57,393	61,793	7.7%	37.1%
Offshore	71,433	73,623	77,855	5.7%	9.0%
Total	116,510	131,016	139,648	6.6%	19.9%
Utilization					
Including Trainees	69.6%	68.5%	72.1%		
Excluding Trainees	74.0%	68.7%	72.4%		

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

Key Customer Metrics

Metrics	Q1 FY2014	Q4 FY2014	Q1 FY2015
Client Details			
Number of Active clients	222	207	206
New Clients Added	9	15	3
\$1 mn clients	72	73	75
\$5 mn clients	20	24	26
\$10 mn clients	10	13	13
\$20 mn clients	5	6	6
\$30 mn clients	3	3	3

Million Dollar Clients are based on trailing 12 months revenue.

Client Contribution to Revenue	Q1 FY2014	Q4 FY2014	Q1 FY2015
Top Client	7.8%	8.2%	8.7%
Top 5 Clients	31.2%	33.1%	32.3%
Top 10 Clients	46.0%	49.2%	49.0%
Revenue from Repeat Business	99.4%	99.1%	99.2%

Contribution to revenues is based on revenues for the quarter.

Key Employee Metrics

Mindtree Minds	Q1 FY2014	Q4 FY2014	Q1 FY2015
Total Mindtree Minds	12,239	12,926	12,845
Software Professionals	11,545	12,122	12,037
Sales (Including Presales)	167	180	196
Support	527	624	612
Gross Additions	1,057	397	516
Net Additions	648	(66)	(81)
Attrition (Last Twelve Months)	12.4%	12.7%	14.2%
Women employees	29%	28%	27%
Nationalities	22	24	25

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 Jun 30, 2014				
Bangalore	1,115	9,202	-	-
Chennai	391	3,333	-	-
Pune	115	934	33	290
Hyderabad	51	389	-	-
Total	1,672	13,858	33	290

Note: Land available for expansion - 20 acres in Bhubaneswar

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

Particulars	Quarter ended			Year ended
	June 30, 2014	March 31, 2014	June 30, 2013	March 31, 2014
Income from software services	8,435	8,237	6,477	30,316
Expenses				
Employee benefits expense	4,874	4,869	3,824	17,820
Depreciation	228	223	181	809
Other expenses	1,876	1,596	1,462	6,390
Profit from operations before other income and interest	1,457	1,549	1,010	5,297
Other income	73	128	117	376
Foreign exchange gain/(loss)	137	(426)	617	118
Profit before interest	1,667	1,251	1,744	5,791
Interest	-	-	1	4
Profit before tax	1,667	1,251	1,743	5,787
Tax expense	373	267	390	1,275
Net profit for the period	1,294	984	1,353	4,512
Paid up equity share capital (face value Rs. 10/- each)	836	417	416	417
Reserves	16,928	15,992	13,405	15,992
Basic EPS (Rs.)	15.51	11.83	16.29	54.25
Diluted EPS (Rs.)	15.43	11.74	16.17	53.90
Aggregate non-promoter shareholding				
Number of shares	69,832,876	34,783,777	34,579,773	34,783,777
Percentage of shareholding	83.58%	83.43%	83.20%	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	13,722,814	6,905,954	6,984,314	6,905,954
Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%	100%
Percentage of shares (as a % of the total share capital of the company)	16.42%	16.57%	16.80%	16.57%

AUDITED SEGMENT WISE REVENUE AND RESULTS
Primary segment information

Particulars	Quarter ended			Year ended
	June 30, 2014	March 31, 2014	June 30, 2013	March 31, 2014
Segment revenue				
Retail, CPG and Manufacturing	1,785	1,817	1,353	6,528
BFSI	1,917	1,916	1,480	6,986
Hitech and Media Services	2,757	2,599	2,190	9,806
Travel and Hospitality	1,380	1,287	955	4,735
Others	596	618	499	2,261
Total	8,435	8,237	6,477	30,316
Segment operating income				
Retail, CPG and Manufacturing	317	471	264	1,594
BFSI	201	205	44	450
Hitech and Media Services	646	622	592	2,477
Travel and Hospitality	268	204	103	697
Others	256	270	188	888
Total	1,688	1,772	1,191	6,106
Unallocable				
Expenses	231	649	181	809
Interest	-	-	1	4
Other income	210	128	734	494
Profit before tax	1,667	1,251	1,743	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. During the period, the Company has classified results of Media Services in HTMS. The results were previously classified with TH segment. The previous period figures have been restated and presented in line with the current segments.

Segmental 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 ended June 30, 2014
(Rs. in millions, except per share data)

AUDITED STATEMENT OF ASSETS AND LIABILITIES		<i>Rs in million</i>	
Particulars	As at		
	June 30, 2014	March 31, 2014	
Shareholders' funds			
Share capital	836	417	
Reserves and surplus	16,928	15,992	
	17,764	16,409	
Non-current liabilities			
Long-term borrowings	23	27	
Other long-term liabilities	191	129	
Long-term provisions	48	39	
	262	195	
Current liabilities			
Trade payables	184	82	
Other current liabilities	2,265	2,737	
Short-term provisions	1,586	1,574	
	4,035	4,393	
Total	22,061	20,997	
Non-current assets			
Fixed assets			
Tangible assets	3,180	3,266	
Intangible assets	143	170	
Capital work-in-progress	772	496	
Non-current investments	21	189	
Deferred tax assets (net)	419	402	
Long-term loans and advances	750	758	
Other non-current assets	1,040	1,039	
	6,325	6,320	
Current assets			
Current investments	5,380	5,160	
Trade receivables	6,905	6,004	
Cash and bank balances	1,208	1,175	
Short-term loans and advances	628	612	
Other current assets	1,615	1,726	
	15,736	14,677	
Total	22,061	20,997	

Notes to financial results for the quarter ended June 30, 2014

- The above results were reviewed by the Audit Committee and thereafter have been adopted by the Board at its meeting held on July 17, 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.

3 Item of expenditure exceeding 10% of total expenditure

Particulars	<i>Rs in million</i>			Year ended March 31, 2014
	Quarter ended			
	June 30, 2014	March 31, 2014	June 30, 2013	
Staff cost	4,838	4,822	3,794	17,672

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

Nature of investor complaints	Opening balance	Additions	Disposal	Closing balance
Allotment/ refund/ annual report related/ others	6	164	170	-

- During the quarter, 100,298 shares have been issued upon exercise of stock options and restricted shares by employees/ directors.
- EPS for the quarter is not annualized.
- The Board of Directors appointed Ms. Manisha Girotra as an Independent Director and Mr. Rostow Ravanan as an Executive Director, effective May 20, 2014.
- The Company has issued 1:1 bonus shares during the quarter ended June 30, 2014 pursuant to shareholders approval. Earnings per share for the quarter ended March 31, 2014, June 30, 2013 and year ended March 31, 2014 have been adjusted for bonus issue 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:

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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