



Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings release

Third quarter ended December 31, 2013 (Q3 FY2014)

January 16, 2014

Welcome to possible

Contents

1. Press Release	3
2. Key Financial Metrics	6
3. Key Ratios	6
4. Key Revenue Metrics	7
5. Effort and Utilization	8
6. Key Customer Metrics	8
7. Key Employee Metrics	8
8. Infrastructure	9
9. Statutory Financials	10

Earnings Conference Call for Analysts / Investors

January 16, 2014 (6:30 PM IST)

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Replay of conference call available until January 23, 2014

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

Transcript will be available on www.mindtree.com after January 23, 2014

Mindtree reports revenue growth of 2.5% q-o-q and 15.7% y-o-y in dollar terms

Bangalore (India), January 16, 2014: Mindtree, a global information technology solutions company, announced its results today for the third quarter ended December 31, 2013, as approved by its Board of Directors.

“We are seeing good business momentum and traction with our clients. Our strong deal pipeline, improved client metrics, proven leadership, global right-sourcing delivery model, and ability to attract and retain talent demonstrate our confidence for a promising future. We will continue to invest in technology-led solutions as our clients are favourably responding to it by making Mindtree a significant part of their strategic initiatives” said **Krishnakumar Natarajan, CEO & Managing Director, Mindtree.**

Key financial highlights:

- In USD terms:
 - Revenue at \$127.1 million (growth of 2.5% q-o-q / 15.7% y-o-y)
 - Net profit at \$14.2 million (decline of 31.5%* q-o-q / 22.7%* y-o-y)
- In Rupee terms:
 - Revenue at ₹ 7,906 million (growth of 2.7% q-o-q / 34% y-o-y)
 - Net profit at ₹ 885 million (decline of 31.2%* q-o-q / 10.4%* y-o-y)

* Due to forex loss in Q3 of FY14 as against forex gain in Q2 of FY14 and Q3 of FY13

Other highlights:

- Clients:
 - 208 active clients as of December 31, 2013
 - \$5 million clients grow to 22; \$10 million clients grow to 13; \$20 million clients grow to 6
- Employees:
 - 12,992 employees as of December 31, 2013
 - Added 397 employees during the quarter on a gross basis
 - Trailing 12 months attrition has declined to 11.6% as compared to 15.1% a year ago

- Multi-year and multi-million wins with leading global clients:
 - One of the top 3 global airlines. Mindtree will provide development and support services for its next generation cargo management system
 - World's leading manufacturer of luxury lifestyle home entertainment products. Mindtree has been chosen as the sole software development partner in the area of video technologies for the next generation Digital TV platform and future video products
 - Leading global provider of electronic payments solutions to financial institutions. Mindtree has been chosen to provide engineering solutions, platform enhancements, testing and test automation services
 - Leading provider of global information & telecommunication solutions for the air transport industry. Mindtree will provide Oracle application support for their business critical strategic finance systems, for this existing client

- Others:
 - Mindtree received the 'Most Promising Company of the Year' award from CNBC TV18
 - Mindtree won Gainesville Chamber of Commerce's Business of the Year award for its innovative practices
 - Mindtree's mobility solutions for the retail and logistics industries won SAP® 2013 Industry Mobile App Challenges at SAP's TechEd event
 - Krishnakumar Natarajan, CEO & MD, Mindtree voted as one of India's Top 100 CEOs by Business Today – PricewaterhouseCoopers, 2014.
 - Mindtree adds Apurva Purohit, CEO, Music Broadcast Pvt Ltd, (one of India's largest media businesses) to its Board of Directors, effective January 1, 2014. The Board also elected Parthasarathy N S as an Executive Director, in addition to his role as President, Enterprise Service Lines.

- Dividend announcement:
 - As announced earlier, our goal is to gradually increase the payout and move to a quarterly dividend payment mode. In line with this, the Board of Directors, at its meeting held on January 16, 2014, recommended an interim dividend of 50% (₹ 5 per equity share of par value ₹10 each) for the quarter ended December 31, 2013

About Mindtree

Mindtree is a global information technology solutions company with revenues of over USD 435 million. Our experts are driven to engineer meaningful technology solutions to help businesses and societies flourish.

Mindtree's consulting-driven approach makes us a strategic partner to many Fortune 500 enterprises. Our domain expertise, unique culture and technical excellence help businesses thrive and be future-ready. We enable our clients achieve competitive advantage through flexible and next generation global delivery models, agile methodologies and expert frameworks.

Mindtree's ability to devise solutions is equally matched by our ability to execute them. Our differentiation stems from a unique balance of human perspective with deep strategic thinking.

Our values - collaborative spirit, unrelenting dedication and expert thinking help us see possibilities where others see a full stop.

Welcome to possible.

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)	Q3	Q2	Q3	Growth (%)	
	FY2013	FY2014	FY2014	Q-o-Q	Y-o-Y
Revenue	5,901	7,696	7,906	2.7%	34.0%
EBITDA	1,204	1,598	1,541	(3.6)%	28.0%
Net Profit	988	1,287	885	(31.2)%	(10.4)%
Diluted EPS (Rs.)	23.80	30.74	21.08	(31.4)%	(11.4)%

(\$ million)	Q3	Q2	Q3	Growth (%)	
	FY2013	FY2014	FY2014	Q-o-Q	Y-o-Y
Revenue	109.9	124.0	127.1	2.5%	15.7%
EBITDA	22.4	25.7	24.8	(3.8)%	10.4%
Net Profit	18.4	20.7	14.2	(31.5)%	(22.7)%

Rupee Dollar Rate	Q3	Q2	Q3
	FY2013	FY2014	FY2014
Period Closing rate	55.00	62.61	61.81
Period Average rate	53.69	62.08	62.20

Key Ratios

Key Ratios	Q3	Q2	Q3
	FY2013	FY2014	FY2014
EBITDA Margin (%)	20.4%	20.8%	19.5%
Effective Tax Rate (%)	21.7%	21.9%	22.6%
Net Profit Margin (%)	16.7%	16.7%	11.2%
ROCE (%)	41.0%	44.5%	29.3%
DSO (Days)	73	74	73

Notes:

1 Effective Tax Rate = Tax / PBT

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

Key Performance Highlights

- BFSI increased by 5.5% q-o-q and 18.3% y-o-y. Travel and Transportation increased by 5.2% q-o-q and 20% y-o-y.
- Infrastructure Management & Tech Support has posted a growth of 11.9% q-o-q and 57.8% y-o-y.
- \$5 million clients grow to 22; \$10 million clients grow to 13; \$20 million clients grow to 6.
- Attrition on a trailing 12-month basis declined to 11.6% from 15.1% in Q3 of FY13.

Key Revenue Metrics

Revenue by Geography	Q3 FY2013	Q2 FY2014	Q3 FY2014
US	55.8%	57.5%	57.6%
Europe	30.2%	28.8%	28.3%
India	6.3%	4.9%	4.7%
Rest of the World	7.8%	8.7%	9.3%
Total	100.0%	100.0%	100.0%

Revenue by Industry	Q3 FY2013	Q2 FY2014	Q3 FY2014
Hi -Tech	29.9%	28.5%	27.0%
BFSI	22.8%	22.7%	23.3%
Manufacturing, CPG & Retail	18.9%	21.6%	21.5%
Travel & Transportation	19.9%	20.1%	20.6%
Others	8.4%	7.1%	7.5%
Total	100.0%	100.0%	100.0%

Revenue by Service Offering	Q3 FY2013	Q2 FY2014	Q3 FY2014
Development	25.6%	26.1%	25.3%
Engineering	13.3%	11.1%	10.1%
Maintenance	21.7%	22.7%	23.7%
Consulting	3.2%	3.0%	3.3%
Package Implementation	4.1%	2.5%	2.4%
IP Led Revenue	1.3%	0.8%	0.7%
Independent Testing	17.7%	17.6%	16.6%
Infrastructure Management & Tech Support	13.1%	16.3%	17.8%
Total	100.0%	100.0%	100.0%

Revenue by Project Type	Q3 FY2013	Q2 FY2014	Q3 FY2014
Fixed Cost, Fixed Monthly	42.3%	40.4%	41.4%
Time & Materials	57.7%	59.6%	58.6%
Total	100.0%	100.0%	100.0%

Revenue Mix	Q3 FY2013	Q2 FY2014	Q3 FY2014
Effort			
Onsite	14.6%	16.5%	16.3%
Offshore	85.4%	83.5%	83.7%
Total	100.0%	100.0%	100.0%
Revenue			
Onsite	37.6%	41.4%	42.8%
Offshore	62.4%	58.6%	57.2%
Total	100.0%	100.0%	100.0%

Effort and Utilization

Metrics	Q3 FY2013	Q2 FY2014	Q3 FY2014	Growth (%)	
				Q-o-Q	Y-o-Y
Billed Hours					
Onsite	546,662	703,139	712,041	1.3%	30.3%
Offshore	3,189,092	3,564,643	3,643,072	2.2%	14.2%
Total	3,735,754	4,267,782	4,355,113	2.0%	16.6%
Fee Revenue (\$ 000)					
Onsite	40,961	50,542	53,579	6.0%	30.8%
Offshore	68,024	71,558	71,744	0.3%	5.5%
Total	108,985	122,100	125,324	2.6%	15.0%
Utilization					
Including Trainees	71.4%	65.9%	67.4%		
Excluding Trainees	73.1%	70.3%	68.7%		

Key Customer Metrics

Metrics	Q3 FY2013	Q2 FY2014	Q3 FY2014
Client Details			
Number of Active clients	245	220	208
New Clients Added	8	9	9
\$1 mn clients	70	70	68
\$5 mn clients	21	21	22
\$10 mn clients	9	10	13
\$20 mn clients	4	5	6
\$30 mn clients	3	3	3
Client Contribution to Revenue			
Top Client	8.2%	7.9%	7.8%
Top 5 Clients	33.7%	31.6%	32.3%
Top 10 Clients	47.1%	47.5%	48.9%
Revenue from Repeat Business	98.9%	99.4%	99.6%

Key Employee Metrics

Mindtree Minds	Q3 FY2013	Q2 FY2014	Q3 FY2014
Total Mindtree Minds	10,952	12,941	12,992
Software Professionals	10,280	12,169	12,193
Sales and Support	672	772	799
Gross Additions	443	1,122	397
Net Additions	69	702	51
Attrition (LTM)*	15.1%	11.9%	11.6%

* Last Twelve Months

Infrastructure

As of Dec 31, 2013	Completed		Available for Expansion	
	Built up area (sq ft 000)	No. of Seats	Built up area (sq ft 000)	No. of Seats
Bangalore	1,161	9,423	-	-
Chennai	391	3,333	-	-
Pune	115	934	33	400
Hyderabad	51	389	-	-
Total	1,718	14,079	33	400

Note: Land available for expansion - 20 acres in Bhubaneswar

Audited Financial Results for the Quarter and Nine Months Ended December 31, 2013
(Rs. in millions, except per share data)

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2013	September 30, 2013	December 31, 2012	December 31, 2013	December 31, 2012	March 31, 2013
Income from software services	7,906	7,696	5,901	22,079	17,494	23,618
Expenses						
Employee benefits expense	4,679	4,448	3,517	12,951	10,529	14,274
Depreciation	208	197	151	586	469	624
Other expenses	1,686	1,650	1,180	4,798	3,264	4,480
Profit from operations before other income and interest	1,333	1,401	1,053	3,744	3,232	4,240
Other income	83	48	70	248	196	350
Foreign exchange gain/(loss)	(272)	200	142	546	(187)	(340)
Profit before interest	1,144	1,649	1,265	4,538	3,241	4,250
Interest	1	2	2	4	9	10
Profit before tax	1,143	1,647	1,263	4,534	3,232	4,240
Tax expense	258	360	275	1,008	628	847
Net profit for the period	885	1,287	988	3,526	2,604	3,393
Paid up equity share capital (face value Rs. 10/- each)	416	416	412	416	412	415
Reserves	15,266	14,150	12,029	15,266	12,029	12,722
Basic EPS (Rs.)	21.25	30.96	24.08	84.81	63.78	82.79
Diluted EPS (Rs.)	21.08	30.74	23.80	84.21	62.92	81.75
Aggregate non-promoter shareholding						
Number of shares	34,722,578	34,673,666	33,253,963	34,722,578	33,253,963	33,719,358
Percentage of shareholding	83.42%	83.40%	80.70%	83.42%	80.70%	81.18%
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	6,903,614	6,903,614	7,954,658	6,903,614	7,954,658	7,815,697
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)	16.58%	16.60%	19.30%	16.58%	19.30%	18.82%

AUDITED SEGMENT WISE REVENUE AND RESULTS
Primary segment information
Rs in million

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2013	September 30, 2013	December 31, 2012	December 31, 2013	December 31, 2012	March 31, 2013
Segment revenue						
Manufacturing	1,700	1,658	1,117	4,711	3,283	4,498
BFSI	1,844	1,746	1,346	5,070	3,958	5,293
Hitech	2,137	2,196	1,766	6,205	5,387	7,210
Travel & Transportation	1,630	1,547	1,173	4,450	3,469	4,691
Others	595	549	499	1,643	1,397	1,926
Total	7,906	7,696	5,901	22,079	17,494	23,618
Segment operating income						
Manufacturing	401	458	222	1,123	629	875
BFSI	122	79	140	245	567	642
Hitech	408	495	394	1,342	1,170	1,544
Travel & Transportation	373	373	271	1,002	840	1,102
Others	237	193	177	618	495	697
Total	1,541	1,598	1,204	4,330	3,701	4,860
Unallocable						
Expenses	480	197	151	586	656	960
Interest	1	2	2	4	9	10
Other income	83	248	212	794	196	350
Profit before tax	1,143	1,647	1,263	4,534	3,232	4,240

Notes on segment information
Principal segments

Effective April 1, 2013, the Group has restructured its organisational and management structure to be better aligned to market needs. Pursuant to such re-organization, the Group has identified Manufacturing, Banking, Financial Services and Insurance (BFSI), Hitech, Travel and Transportation and Others as its reportable business segments. Accordingly, the Group has presented its segment results under these business segments. 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 Financial Results for the Quarter and Nine Months Ended December 31, 2013

(Rs. in millions, except per share data)

AUDITED STATEMENT OF ASSETS AND LIABILITIES

Particulars	As at	
	December 31, 2013	March 31, 2013
Shareholders' funds		
Share capital	416	415
Reserves and surplus	15,266	12,722
	15,682	13,137
Non-current liabilities		
Long-term borrowings	27	32
Other long-term liabilities	131	57
Long-term provisions	30	-
	188	89
Current liabilities		
Short-term borrowings	-	217
Trade payables	138	189
Other current liabilities	2,968	2,166
Short-term provisions	1,173	1,112
	4,279	3,684
Total	20,149	16,910
Non-current assets		
Fixed assets		
Tangible assets	3,295	2,485
Intangible assets	160	104
Capital work-in-progress	365	571
Non-current investments	7	230
Deferred tax assets (net)	390	360
Long-term loans and advances	681	617
Other non-current assets	1,002	1,046
	5,900	5,413
Current assets		
Current investments	4,862	4,027
Trade receivables	6,186	4,508
Cash and bank balances	1,641	1,252
Short-term loans and advances	546	430
Other current assets	1,014	1,280
	14,249	11,497
Total	20,149	16,910

Notes to consolidated financial results for the quarter and nine months ended December 31, 2013

1 The above results were reviewed by the Audit Committee and thereafter have been adopted by the Board at its meeting held on January 16, 2014.

2 Item of expenditure exceeding 10% of total expenditure

Particulars	Quarter ended			Nine months ended		Rs in million
	December 31, 2013	September 30, 2013	December 31, 2012	December 31, 2013	December 31, 2012	Year ended March 31, 2013
Staff cost	4,643	4,413	3,481	12,850	10,435	14,138

3 Information on investor complaints pursuant to clause 41 of the Listing Agreement for the quarter ended December 31, 2013:

Nature of Investor complaints	Opening balance	Additions	Disposal	Closing balance
Allotment/ refund/ annual report related/ others	-	47	46	1

4 During the quarter, 48,912 shares have been issued upon exercise of stock options and restricted shares by employees.

5 EPS for the quarter is not annualized.

6 The Board of Directors appointed Apurva Purohit as an Independent Director and N S Parthasarathy as an Executive Director, effective January 1, 2014.

7 The Board of Directors at its meeting held on January 16, 2014 have recommended an interim dividend of 50% (Rs 5 per equity share of par value Rs 10/- each) for the quarter

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2013	September 30, 2013	December 31, 2012	December 31, 2013	December 31, 2012	March 31, 2013
Dividend per share (par value Rs 10/- each)						
Interim Dividend	5.00	5.00	-	10.00	3.00	7.00
Final Dividend	-	-	-	-	-	5.00
Total Dividend	5.00	5.00	-	10.00	3.00	12.00

8 Audited financial results of Mindtree Limited (Standalone Information)

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2013	September 30, 2013	December 31, 2012	December 31, 2013	December 31, 2012	March 31, 2013
Revenues	7,906	7,696	5,901	22,079	17,494	23,618
Profit before tax	1,146	1,647	1,263	4,536	3,228	4,236
Profit after tax	888	1,287	988	3,528	2,600	3,389

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 statements as stated.

9 The statement of consolidated financial results have been audited by the Company's auditors. The Company's auditors have issued an unqualified 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.

10 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.

Welcome to possible