



Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings release

Fourth quarter ended March 31, 2014 (Q4 FY2014)

April 16, 2014

Welcome to possible

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Earnings Conference Call for Analysts / Investors

April 16, 2014 (7:30 PM IST)

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Replay of conference call available until April 24, 2014

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

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

A landmark 15th year for Mindtree: Revenue crosses half a billion dollars, recommends special dividend and 1:1 issue of bonus shares

Reports revenue growth of 15.1%, PAT growth of 19.3% in dollar terms, in FY14

Bangalore (India) and Warren (NJ), April 16, 2014: Mindtree, a global information technology services company, announced its results today for the fourth quarter and year ended March 31, 2014, as approved by its Board of Directors.

“FY14 has been a momentous year for Mindtree. We crossed half a billion dollars in revenues, USD 100 million in operating profits and INR 100 of EPS. As we celebrate this success, I would like to thank all our clients, partners, investors and Mindtree Minds for their immense faith and contribution. We have progressed well in our journey to increase our strategic relevance to our clients. We will continue to aspire to deliver superior financial performance, innovation, industry leadership in our chosen verticals, social responsibility and corporate governance” said **Krishnakumar Natarajan, CEO & Managing Director, Mindtree.**

Key financial highlights:

Quarter ended March 31, 2014

- In USD terms:
 - Revenue at \$132.8 million (growth of 4.4% q-o-q / 17.4% y-o-y)
 - Net profit at \$15.9 million (growth of 11.7% q-o-q / 8.9% y-o-y)
- In Rupee terms:
 - Revenue at ₹ 8,237 million (growth of 4.2% q-o-q / 34.5% y-o-y)
 - Net profit at ₹ 982 million (growth of 11% q-o-q / 24.5% y-o-y)

Year ended March 31, 2014

- In USD terms:
 - Revenue at \$501.5 million (growth of 15.1%)
 - Net profit at \$74.6 million (growth of 19.3%)
- In Rupee terms:
 - Revenue at ₹ 30,316 million (growth of 28.4%)
 - Net profit at ₹ 4,508 million (growth of 32.9%)

Other highlights:

- Clients:
 - 207 active clients as of March 31, 2014
 - \$5 million clients grow to 24; \$1 million clients grow to 73
- Employees:
 - 12,926 employees as of March 31, 2014
 - Added 397 employees during the quarter on a gross basis
 - Trailing 12 months attrition is at 12.7%
- Multi-year and multi-million dollar wins with leading global clients:
 - Leading global provider of share registry, pension administration, compliance reporting and analytics solutions. Mindtree will provide application maintenance, testing and management reporting services
 - Leading Telecommunications Company, which is an existing client. Mindtree is selected as its managed services partner for maintenance of multiple datacenters that hosts its telecom business applications
 - Leading global insurance company. Mindtree is chosen to provide application development & maintenance, IMS and testing services
 - Leading global provider of governance, risk and compliance management solutions. Mindtree will support its cloud based platform
- Awards and Recognition:
 - Mindtree was ranked #1 under the categories 'Best Managed IT/Software/Technology Company in Asia' and the 'Best Managed Company in India' for 2013 by Euromoney's Annual Asia Company Ranking
 - Mindtree is in the top 3 ranking in India, on all categories related to Corporate Governance & Investor Relations by Asiamoney
- Issue of bonus shares:
 - On the occasion of our 15th anniversary and revenues crossing a significant milestone of half a billion dollars, the Board of Directors at their meeting held on April 16, 2014 recommended an issue of bonus shares in the ratio of 1:1, i.e. one additional equity share for every existing equity share. This is subject to shareholders approval. Bonus shares will be credited to the shareholders after completion of statutory formalities and within the prescribed statutory timelines

- Dividend announcement:
 - The Board of Directors, at its meeting held on April 16, 2014 recommended an interim dividend of 50% (₹ 5 per equity share of par value ₹ 10 each) for the quarter ended March 31, 2014. Further, the Board has recommended a final dividend of 50% (₹ 5 per equity share of par value ₹ 10 each) for the year ended March 31, 2014 and a special dividend of 50% (₹ 5 per equity share of par value ₹ 10 each) for completion of 15 years in business. If the proposed 1:1 bonus share issue is approved by shareholders prior to the date of the AGM, the final & special dividend amounts would be accordingly reduced to 25% (₹ 2.5 per equity share of ₹ 10 each)

About Mindtree

Mindtree [NSE: MINDTREE] 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.



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Key Financial Metrics

(Rs. million)	Q4	Q3	Q4	Growth (%)	
	FY2013	FY2014	FY2014	Q-o-Q	Y-o-Y
Revenue	6,124	7,906	8,237	4.2%	34.5%
EBITDA	1,163	1,541	1,770	14.9%	52.2%
Net Profit	789	885	982	11.0%	24.5%
Diluted EPS (Rs.)	18.89	21.08	23.41	11.1%	24.0%

(\$ million)	Q4	Q3	Q4	Growth (%)	
	FY2013	FY2014	FY2014	Q-o-Q	Y-o-Y
Revenue	113.0	127.1	132.8	4.4%	17.4%
EBITDA	21.5	24.8	28.6	15.5%	33.2%
Net Profit	14.6	14.2	15.9	11.7%	8.9%

Rupee Dollar Rate	Q4	Q3	Q4
	FY2013	FY2014	FY2014
Period Closing rate	54.29	61.81	59.92
Period Average rate	54.18	62.20	62.04

Key Ratios

Key Ratios	Q4	Q3	Q4
	FY2013	FY2014	FY2014
EBITDA Margin (%)	19.0%	19.5%	21.5%
Effective Tax Rate (%)	21.7%	22.6%	21.4%
Net Profit Margin (%)	12.9%	11.2%	11.9%
ROCE (%)	31.0%	29.3%	31.1%
DSO (Days)	70	73	72

Notes:

1 Effective Tax Rate = Tax / PBT

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

Key Performance Highlights

- Achieved significant milestones of crossing half a billion dollars in yearly revenues, \$100 million in operating profits and ₹100 of EPS
- ROCE for the full year improved to 38.8% as compared to 36.3% in FY13.
- In Q4, CPG, Retail and Manufacturing increased by 7.2% q-o-q and 30.6% y-o-y. Hi-Tech increased by 6.1% q-o-q and 8.1% y-o-y.
- In Q4, Infrastructure Management & Tech Support has posted a growth of 9.1% q-o-q and 58.2% y-o-y. For the full year IMTS grew by a robust 52.2%.
- \$5 million clients grow by 2 to 24; \$1 million clients grow by 5 to 73.

Key Revenue Metrics

Revenue by Geography	Q4 FY2013	Q3 FY2014	Q4 FY2014
US	55.3%	57.6%	58.8%
Europe	29.3%	28.3%	28.0%
India	6.1%	4.7%	3.7%
Rest of the World	9.3%	9.3%	9.4%
Total	100.0%	100.0%	100.0%

Revenue by Industry	Q4 FY2013	Q3 FY2014	Q4 FY2014
Hi -Tech	29.8%	27.0%	27.4%
BFSI	21.8%	23.3%	23.3%
Manufacturing, CPG & Retail	19.9%	21.5%	22.1%
Travel & Transportation	19.9%	20.6%	19.7%
Others	8.6%	7.5%	7.5%
Total	100.0%	100.0%	100.0%

Revenue by Service Offering	Q4 FY2013	Q3 FY2014	Q4 FY2014
Development	25.2%	25.3%	23.3%
Engineering	12.5%	10.1%	9.8%
Maintenance	21.7%	23.7%	22.6%
Consulting	2.9%	3.3%	3.8%
Package Implementation	4.6%	2.4%	4.1%
IP Led Revenue	1.7%	0.7%	1.1%
Independent Testing	17.6%	16.6%	16.7%
Infrastructure Management & Tech Support	13.8%	17.8%	18.6%
Total	100.0%	100.0%	100.0%

Revenue by Project Type	Q4 FY2013	Q3 FY2014	Q4 FY2014
Fixed Cost, Fixed Monthly	41.3%	41.4%	42.5%
Time & Materials	58.7%	58.6%	57.5%
Total	100.0%	100.0%	100.0%

Revenue Mix	Q4 FY2013	Q3 FY2014	Q4 FY2014
Effort			
Onsite	14.3%	16.3%	17.2%
Offshore	85.7%	83.7%	82.8%
Total	100.0%	100.0%	100.0%
Revenue			
Onsite	37.4%	42.8%	43.8%
Offshore	62.6%	57.2%	56.2%
Total	100.0%	100.0%	100.0%

Effort and Utilization

Metrics	Q4 FY2013	Q3 FY2014	Q4 FY2014	Growth (%)	
				Q-o-Q	Y-o-Y
Billed Hours					
Onsite	552,834	712,041	764,071	7.3%	38.2%
Offshore	3,322,392	3,643,072	3,685,294	1.2%	10.9%
Total	3,875,226	4,355,113	4,449,365	2.2%	14.8%
Fee Revenue (\$ 000)					
Onsite	41,637	53,579	57,393	7.1%	37.8%
Offshore	69,830	71,744	73,623	2.6%	5.4%
Total	111,467	125,324	131,016	4.5%	17.5%
Utilization					
Including Trainees	69.6%	67.4%	68.5%		
Excluding Trainees	70.9%	68.7%	68.7%		

Key Customer Metrics

Metrics	Q4 FY2013	Q3 FY2014	Q4 FY2014
Client Details			
Number of Active clients	232	208	207
New Clients Added	5	9	15
\$1 mn clients	74	68	73
\$5 mn clients	20	22	24
\$10 mn clients	9	13	13
\$20 mn clients	5	6	6
\$30 mn clients	3	3	3
Client Contribution to Revenue			
Top Client	8.0%	7.8%	8.2%
Top 5 Clients	31.7%	32.3%	33.1%
Top 10 Clients	45.7%	48.9%	49.2%
Revenue from Repeat Business	99.4%	99.6%	99.1%

Key Employee Metrics

Mindtree Minds	Q4 FY2013	Q3 FY2014	Q4 FY2014
Total Mindtree Minds	11,591	12,992	12,926
Software Professionals	10,912	12,193	12,122
Sales and Support	679	799	804
Gross Additions	974	397	397
Net Additions	639	51	(66)
Attrition (LTM)*	13.4%	11.6%	12.7%

* Last Twelve Months

Infrastructure

As of Mar 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	1,161	9,480	-	-
Chennai	391	3,333	-	-
Pune	115	934	33	400
Hyderabad	51	389	-	-
Total	1,718	14,136	33	400

Note: Land available for expansion - 20 acres in Bhubaneswar

Audited Financial Results for the Quarter and Year Ended March 31, 2014

(Rs. in millions, except per share data)

Particulars	Quarter ended			Year ended	
	March 31, 2014	December 31, 2013	March 31, 2013	March 31, 2014	March 31, 2013
Income from software services	8,237	7,906	6,124	30,316	23,618
Expenses					
Employee benefits expense	4,869	4,679	3,745	17,820	14,274
Depreciation	223	208	155	809	624
Other expenses	1,598	1,686	1,216	6,396	4,480
Profit from operations before other income and interest	1,547	1,333	1,008	5,291	4,240
Other income	128	83	154	376	350
Foreign exchange gain/(loss)	(426)	(272)	(153)	120	(340)
Profit before interest	1,249	1,144	1,009	5,787	4,250
Interest	-	1	1	4	10
Profit before tax	1,249	1,143	1,008	5,783	4,240
Tax expense	267	258	219	1,275	847
Net profit for the period	982	885	789	4,508	3,393
Paid up equity share capital (face value Rs. 10/- each)	417	416	415	417	415
Reserves	15,988	15,266	12,722	15,988	12,722
Basic EPS (Rs.)	23.59	21.25	19.04	108.40	82.79
Diluted EPS (Rs.)	23.41	21.08	18.89	107.60	81.75
Aggregate non-promoter shareholding					
Number of shares	34,783,777	34,722,578	33,719,358	34,783,777	33,719,358
Percentage of shareholding	83.43%	83.42%	81.18%	83.43%	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	6,905,954	6,903,614	7,815,697	6,905,954	7,815,697
Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%	100%	100%
Percentage of shares (as a % of the total share capital of the company)	16.57%	16.58%	18.82%	16.57%	18.82%

AUDITED SEGMENT WISE REVENUE AND RESULTS

Primary segment information

Rs in million

Particulars	Quarter ended			Year ended	
	March 31, 2014	December 31, 2013	March 31, 2013	March 31, 2014	March 31, 2013
Segment revenue					
Manufacturing	1,817	1,700	1,215	6,528	4,498
BFSI	1,916	1,844	1,335	6,986	5,293
Hitech	2,259	2,137	1,823	8,464	7,210
Travel & Transportation	1,627	1,630	1,222	6,077	4,691
Others	618	595	529	2,261	1,926
Total	8,237	7,906	6,124	30,316	23,618
Segment operating income					
Manufacturing	471	401	246	1,594	875
BFSI	205	122	75	450	642
Hitech	463	408	377	1,805	1,547
Travel & Transportation	361	373	263	1,363	1,103
Others	270	237	202	888	697
Total	1,770	1,541	1,163	6,100	4,864
Unallocable					
Expenses	649	480	308	809	964
Interest	-	1	1	4	10
Other income	128	83	154	496	350
Profit before tax	1,249	1,143	1,008	5,783	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.



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Safe Harbor:

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