

# MindTree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings Release  
First Quarter ended June 30, 2012  
July 15, 2012

**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 actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. MindTree may, from time to time, make additional written and oral forward looking statements, including our reports to shareholders. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.*



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## Earnings Conference Call for Analysts / Investors

**July 16, 2012 (12:00 noon IST)**

Primary Number: +91 22 6629 0040

Secondary Number: +91 22 3065 0182

(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 July 23, 2012

+91 22 3065 1212 (Playback id: 230712)

Transcript will be available on [www.mindtree.com](http://www.mindtree.com) after July 20, 2012

**MindTree Limited**

Global Village, RVCE Post

Mysore Road

Bengaluru - 560 059

[www.mindtree.com](http://www.mindtree.com)

**For more information please contact:**

Sushanth Pai

MindTree Limited

sushanth\_pai@mindtree.com

Saket Somani

Churchgate Partners

saket@churchgatepartnersindia.com



## Press Release

**In USD terms Revenue grows 0.4% q-o-q and 14.0% y-o-y;  
Net Profit Soars 116.2% y-o-y and 21.3% q-o-q**

**Bangalore (India), July 15, 2012:** MindTree Limited, a global IT and Product Engineering Services company, announced its standalone results today for the first quarter ended June 30, 2012, as approved by its Board of Directors.

*“The global demand environment continues to be challenging as customers are cautious in their IT spending. However, with our strategic initiatives, we expect to achieve NASSCOM’s current industry estimates for FY2013. Our margins have shown consistent improvement over the last 4 quarters and we will continue to focus on operational efficiencies as we move forward. Given the great progress we have made, we are embarking on multiple initiatives to enhance our competitiveness, that will elevate us to the next level”* said **Krishnakumar Natarajan, CEO & Managing Director, MindTree.**

### Key Financial Highlights

- *In USD terms:* Revenue at \$105.5 million (growth of 0.4% q-o-q / 14% y-o-y) and Net Profit at \$16.7 million (growth of 21.3% q-o-q / 116.2% y-o-y)
- *In Rupee terms:* Revenue at ₹5,630 million (growth of 7.1% q-o-q / 36.3% y-o-y) and Net Profit at ₹890 million (growth of 28.6% q-o-q / 157.2% y-o-y)

### Other Highlights:

- **Customers:** As of June 30, 2012, MindTree had 245 active customers. During the quarter, \$1 million customers increased by 1 to 78; \$10 million customers increased by 1 to 8.
- **Employees:** MindTree added 272 people on a gross basis during Q1 FY2013, taking its total strength to 10,830 as of June 30, 2012.
- **Major client wins:**
  - A large European travel and transportation company. MindTree will provide services in the area of e-commerce platforms for this existing client.
  - A large US bank. MindTree has been chosen as its application development partner.
  - A large provider of production management services to the entertainment industry. MindTree will provide product engineering services to develop a next generation production accounting and finance system.



- A world leader in the computer and software technology industry. MindTree will provide consulting and support services for its cloud platform for this existing client.

### **About MindTree**

MindTree is a global IT and Product Engineering Services Company with deep knowledge in specific domains. It is acknowledged as the best mid-size software services company in India for its capability to build, test and deploy solutions. The Company also places significant emphasis on culture, customer centricity and corporate governance. MindTree was ranked No. 2 among the Most Admired Knowledge Enterprise (MAKE) India Award winners in 2011. MindTree was ranked 19th in the list of Top 25 Best Employers in India and ranked 2nd among the IT companies by AON Hewitt Best Employers' Survey 2011. In 2012, MindTree was awarded the “Best Corporate Governance, India, 2012” by World Finance magazine and was ranked No.3 in India in the ‘Best overall for Corporate Governance’ category in Asiamoney Corporate Governance Poll, 2011. Please visit us at [www.mindtree.com](http://www.mindtree.com)

### ***Safe Harbor***

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### **For more information, contact:**

Divya Kurup

MindTree Limited

91-973-904-2317

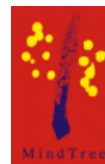
Divya\_Kurup@mindtree.com

Siddhartha Tanti

Genesis Burson-Marsteller

91-998-636-2435

Siddhartha.Tanti@bm.com



## Key Financial Metrics

MindTree (Standalone)					
(Rs. million)	Q1	Q4	Q1	Growth (%)	
	FY2012	FY2012	FY2013	Q-o-Q	Y-o-Y
Revenue	4,131	5,257	5,630	7.1%	36.3%
EBITDA	461	985	1,174	19.2%	154.7%
Net Profit	346	692	890	28.6%	157.2%
Diluted EPS (Rs.)	8.55	16.88	21.61	28.1%	152.7%

(\$ million)	Q1	Q4	Q1	Growth (%)	
	FY2012	FY2012	FY2013	Q-o-Q	Y-o-Y
Revenue	92.5	105.0	105.5	0.4%	14.0%
EBITDA	10.3	19.7	22.0	11.7%	112.9%
Net Profit	7.7	13.8	16.7	21.3%	116.2%

Rupee Dollar Rate	Q1	Q4	Q1
	FY2012	FY2012	FY2013
Period Closing rate	44.70	50.88	55.62
Period Average rate	44.65	50.02	53.38

## Key Ratios

Key Ratios	Q1	Q4	Q1
	FY2012	FY2012	FY2013
EBITDA Margin (%)	11.2%	18.7%	20.8%
Effective Tax Rate (%)	14.1%	16.4%	22.6%
Net Profit Margin (%)	8.4%	13.2%	15.8%
ROCE (%)	20.2%	35.2%	44.1%
DSO (Days)	74	73	73

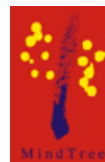
Notes:

1 Effective Tax Rate = Tax / PBT

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

### Key Performance Highlights

- EBITDA Margin and Net Profit Margin increased by 210 bps and 260 bps, respectively, q-o-q
- Diluted EPS increased by 28.1% q-o-q and significantly increased by 152.7% y-o-y
- ROCE increased significantly from 20.2% in Q1 FY2012 to 44.1% in Q1 FY2013
- Infrastructure Management and Technical Support increased by 15.7% q-o-q
- Revenue from Manufacturing & Retail and BFSI sectors increased by over 4% on q-o-q basis
- \$10 million clients increased by 1 to 8



## Key Revenue Metrics

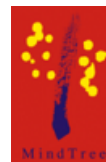
Revenue by Geography	Q1 FY2012	Q4 FY2012	Q1 FY2013
US	60.3%	57.3%	58.1%
Europe	22.8%	27.7%	28.8%
India	8.6%	7.5%	6.4%
Rest of the World	8.3%	7.5%	6.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue by Business	Q1 FY2012	Q4 FY2012	Q1 FY2013
IT Services	63.8%	67.2%	69.0%
Project Engineering Services (PES)	36.2%	32.8%	31.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue by Service Offering	Q1 FY2012	Q4 FY2012	Q1 FY2013
Development	20.4%	24.5%	25.4%
Engineering	21.1%	18.2%	16.5%
Maintenance	23.8%	21.5%	22.0%
Consulting	3.9%	3.4%	3.3%
Package Implementation	2.9%	3.6%	3.0%
IP Led Revenue	0.1%	1.2%	1.2%
Independent Testing	18.3%	17.9%	17.4%
Infrastructure Management & Tech Support	9.5%	9.7%	11.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue by Industry	Q1 FY2012	Q4 FY2012	Q1 FY2013
ITS – Manufacturing & Retail	17.4%	17.9%	18.5%
ITS – BFSI	21.5%	21.2%	22.0%
ITS – Travel, Media & Services	20.4%	20.6%	20.9%
ITS – Others	4.5%	7.5%	7.6%
PES	36.2%	32.8%	31.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue by Project Type	Q1 FY2012	Q4 FY2012	Q1 FY2013
Fixed Cost, Fixed Monthly	33.2%	37.9%	37.5%
Time & Materials	66.8%	62.1%	62.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>



## Key Revenue Metrics (Continued)

Revenue Mix	Q1 FY2012	Q4 FY2012	Q1 FY2013
<b>Effort</b>			
Onsite	12.4%	13.1%	14.0%
Offshore	87.6%	86.9%	86.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Revenue</b>			
Onsite	32.5%	34.5%	37.8%
Offshore	67.5%	65.5%	62.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Effort and Utilization

Metrics	Q1 FY2012	Q4 FY2012	Q1 FY2013	Growth (%)	
				Q-o-Q	Y-o-Y
<b>Billed Hours</b>					
Onsite	417,828	485,591	520,460	7.2%	24.6%
Offshore	2,952,513	3,234,430	3,206,511	(0.9)%	8.6%
<b>Total</b>	<b>3,370,341</b>	<b>3,720,021</b>	<b>3,726,971</b>	<b>0.2%</b>	<b>10.6%</b>
<b>Fee Revenue (\$ 000)</b>					
Onsite	29,648	35,908	39,486	10.0%	33.2%
Offshore	61,609	68,025	65,084	(4.3)%	5.6%
<b>Total</b>	<b>91,257</b>	<b>103,933</b>	<b>104,570</b>	<b>0.6%</b>	<b>14.6%</b>
<b>Utilization</b>					
Including Trainees	72.5%	67.8%	68.9%		
Excluding Trainees	72.9%	72.1%	71.5%		

## Key Customer Metrics

Client Details	Q1 FY2012	Q4 FY2012	Q1 FY2013
Number of Active clients	283	237	245
New Clients Added	25	6	19
<b>Number of Million Dollar Clients</b>			
\$1 mn clients	67	77	78
\$5 mn clients	14	17	17
\$10 mn clients	7	7	8
\$20 mn clients	1	4	4

Client Contribution to Revenue	Q1 FY2012	Q4 FY2012	Q1 FY2013
Top Client	7.0%	7.5%	7.6%
Top 5 Clients	24.9%	31.4%	33.5%
Top 10 Clients	39.4%	45.6%	47.1%
Revenue from Repeat Business	98.5%	99.6%	98.8%



## Key Employee Metrics

MindTree Minds	Q1 FY2012	Q4 FY2012	Q1 FY2013
Total MindTree Minds	9,577	11,000	10,830
Software Professionals	8,887	10,330	10,173
Sales and Support	690	670	657
Gross Additions	630	502	272
Net Additions	30	66	(170)
Attrition (LTM)*	25.6%	18.2%	17.0%

\* Last Twelve Months

## Infrastructure

As of June 30, 2012	Completed		Available for Expansion	
	Built up area (sq ft 000)	No. of Seats	Built up area (sq ft 000)	No. of Seats
Bangalore	1,079	9,198	-	-
Chennai	218	1,817	144	1,385
Pune	115	936	33	400
Hyderabad	51	392	-	-
<b>Total</b>	<b>1,463</b>	<b>12,343</b>	<b>177</b>	<b>1,785</b>

Note: Land available for expansion - 2 acres in Bangalore and 20 acres in Bhubaneswar





**Audited Standalone Financial Results for the Quarter Ended June 30, 2012**  
(Rs. in millions, except per share data)

Particulars	Quarter ended			Year ended
	June 30, 2012	March 31, 2012	June 30, 2011	March 31, 2012
Income from software services	5,630	5,257	4,131	19,152
<b>Expenses</b>				
Employee benefit expenses	3,442	3,179	2,793	12,261
Depreciation	159	168	180	695
Other expenses	1,014	1,093	877	3,958
<b>Profit from operations before other income and interest</b>	<b>1,015</b>	<b>817</b>	<b>281</b>	<b>2,238</b>
Other income	52	51	31	188
Foreign exchange gain/(loss)	86	(37)	91	196
<b>Profit before interest</b>	<b>1,153</b>	<b>831</b>	<b>403</b>	<b>2,622</b>
Interest	3	3	-	5
<b>Profit before tax</b>	<b>1,150</b>	<b>828</b>	<b>403</b>	<b>2,617</b>
Tax expense	260	136	57	430
<b>Net profit for the period</b>	<b>890</b>	<b>692</b>	<b>346</b>	<b>2,187</b>
Paid up equity share capital (face value Rs. 10/- each)	407	405	401	405
Reserves	9,795	9,171	7,727	9,171
Basic EPS (Rs.)	21.91	17.08	8.63	54.27
Diluted EPS (Rs.)	21.61	16.88	8.55	54.18
<b>Aggregate non-promoter shareholding</b>				
Number of shares	32,626,657	32,358,908	29,540,621	32,358,908
Percentage of shareholding	80.17%	79.81%	73.62%	79.81%
<b>Promoters and promoter group shareholding</b>				
<b>Pledged/Encumbered</b>				
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)	-	-	-	-
<b>Non-encumbered</b>				
Number of shares	8,071,308	8,185,015	10,586,994	8,185,015
Percentage of shares (as a % of the total shareholding of the Promoter and Promoter group)	100%	100%	100%	100%
Percentage of shares (as a % of the total share capital of the company)	19.83%	20.19%	26.38%	20.19%

**AUDITED SEGMENT WISE REVENUE AND RESULTS**

**Primary segment information (Rs in millions)**

Particulars	Quarter ended			Year ended
	June 30, 2012	March 31, 2012	June 30, 2011	March 31, 2012
<b>Segment revenue</b>				
PE Services	1,745	1,731	1,494	6,594
IT Services	3,885	3,526	2,637	12,558
<b>Total</b>	<b>5,630</b>	<b>5,257</b>	<b>4,131</b>	<b>19,152</b>
<b>Segment operating income</b>				
PE Services	365	297	106	838
IT Services	809	688	355	2,095
<b>Total</b>	<b>1,174</b>	<b>985</b>	<b>461</b>	<b>2,933</b>
<b>Unallocable</b>				
Expenses	159	168	180	695
Interest	3	3	-	5
Other income	138	14	122	384
<b>Profit before tax</b>	<b>1,150</b>	<b>828</b>	<b>403</b>	<b>2,617</b>

**Notes on segment information**

**Principal segments**

The Company's operations predominantly relate to providing IT services and Product Engineering services (PE services). Accordingly, revenues represented along IT services and PE services comprise the primary segment information.

**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, 2012

(Rs. in millions, except per share data)

Particulars	Rs in Millions	
	As at	
	June 30, 2012	March 31, 2012
<b>Shareholders' funds</b>		
Share capital	407	405
Reserves and surplus	9,795	9,171
	<b>10,202</b>	<b>9,576</b>
<b>Non-current liabilities</b>		
Long-term borrowings	32	37
Other long-term liabilities	35	34
	<b>67</b>	<b>71</b>
<b>Current liabilities</b>		
Short-term borrowings	667	407
Trade payables	93	107
Other current liabilities	2,368	2,467
Short-term provisions	898	724
	<b>4,026</b>	<b>3,705</b>
<b>Total</b>	<b>14,295</b>	<b>13,352</b>
<b>Non-current assets</b>		
Fixed assets		
Tangible assets	2,436	2,548
Intangible assets	38	43
Capital work-in-progress	215	85
Non-current investments	30	30
Deferred tax assets (net)	334	320
Long-term loans and advances	581	544
Other non-current assets	927	1,000
	<b>4,561</b>	<b>4,570</b>
<b>Current assets</b>		
Current investments	3,342	3,075
Trade receivables	4,769	4,078
Cash and bank balances	400	585
Short-term loans and advances	416	219
Other current assets	807	825
	<b>9,734</b>	<b>8,782</b>
<b>Total</b>	<b>14,295</b>	<b>13,352</b>

### Notes to financial results for the quarter ended June 30, 2012

1 The above results were reviewed by the Audit Committee and thereafter have been adopted by the Board at its meeting held on July 15, 2012.

2 Item of expenditure exceeding 10% of total expenditure (Rs in millions)

Particulars	Quarter ended			Year ended
	June 30, 2012	March 31, 2012	June 30, 2011	March 31, 2012
Staff cost	3,409	3,145	2,772	12,160

3 Information on investor complaints pursuant to clause 41 of the Listing Agreement for the quarter ended June 30, 2012:

Nature of Investor complaints	Opening balance	Additions	Disposal	Closing balance
Allotment/Refund/others	-	13	13	-

4 During the quarter, 154,042 shares have been issued upon exercise of stock options by employees.

5 EPS for the quarter is not annualized.

6 The Company has appointed Mr. Ramesh Ramanathan as an independent director with effect from May 2, 2012.

7 The statement of standalone financial results have been audited by the Company's auditors. The Company's auditors have issued an unqualified audit opinion on the standalone financial results. The audit report has been filed with the stock exchanges and is also available on the Company's website.

8 Previous period figures have been reclassified/regrouped wherever necessary.

For and on behalf of the Board  
For MindTree Limited

Bangalore, India  
July 15, 2012

Krishnakumar Natarajan  
CEO & Managing Director