



Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings release

Second quarter ended September 30, 2012 (Q2 FY2013)

October 16, 2012

Welcome to possible

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Earnings Conference Call for Analysts / Investors

October 16, 2012 (6:30 PM IST)

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(The numbers listed above are universally accessible from all networks and all countries)

Toll free numbers:

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US: 1 866 746 2133

Replay of conference call available until October 23, 2012

+91 22 3065 1212 (Playback id: 230712)

Transcript will be available on www.mindtree.com after October 20, 2012

Mindtree maintains financial performance. Declares interim dividend. Appoints new Directors on the Board

**In USD terms, Revenue grows 5.8% y-o-y and 1.7% q-o-q;
Net profit increases 6.2% y-o-y and declines 23% q-o-q**

Bangalore (India), October 16, 2012: Mindtree Limited, a global information technology solutions company, announced its results today for the second quarter ended September 30, 2012, as approved by its Board of Directors.

“The new brand identity, which we rolled out recently, has received very positive feedback from our internal and external stakeholders. We are confident that it will position us well for the future. On the business front – uncertainty in the global economic environment is posing short-term challenges, delaying customer decisions. Our strategic investments are gaining momentum and we are focusing to successfully convert them into significant client wins. Our initiatives to improve margins are showing consistent progress” said **Krishnakumar Natarajan, CEO & Managing Director, Mindtree Limited.**

Key financial highlights:

- In USD terms:
 - Revenue at \$107.3 million (growth of 1.7% q-o-q / 5.8% y-o-y)
 - Net profit at \$12.9 million (decline of 23.0% q-o-q / increase of 6.2% y-o-y)

- In Rupee terms:
 - Revenue at ₹ 5,963 million (growth of 5.9% q-o-q / 30.6% y-o-y)
 - Net profit at ₹ 722 million (decline of 18.9% q-o-q / increase of 33.0% y-o-y)

Other highlights:

- Changes to the Board:
 - The Board elected Anjan Lahiri, President, IT Services as an additional Director to the Board. Anjan will hold the office with effect from October 24, 2012 till the date of the next Annual General Meeting. The Board nominated N. S. Parthasarathy, President & COO as an alternate Director to S. Janakiraman.
 - Commenting on the appointments, Subroto Bagchi, Chairman, Mindtree Limited said “Anjan and Partha have been key contributors to key strategic initiatives of Mindtree that resulted in strong revenue growth. Their inclusion to the Board will bring in a strong customer and employee connect at the Board level, as we confidently chart our vision for 2020.”

- About Anjan Lahiri: Anjan heads Mindtree's IT services business globally. Anjan helped set up the Company's first office in New Jersey in August 1999. He then moved to San Jose in 2000 and headed Mindtree's west coast operations. In 2003, Anjan moved to London to start Mindtree's office in Europe. Under his leadership, Europe has become a key pillar of Mindtree's growth. In 2008, Anjan moved back to India and took up his current responsibility as the head of IT services globally. Prior to Mindtree, Anjan was a Director at Cambridge Technology Partners. Anjan received a B.Sc. in electronics engineering from the Birla Institute of Technology (BIT) in Ranchi, India and is a distinguished alumni of BIT. He holds an MBA from the University of Florida, Gainesville, US where he graduated at the top of his class. Anjan is a member of the International YPO (Young Presidents Organization).
- About N. S. Parthasarathy: Partha is the COO and head of testing and infrastructure management services of Mindtree. Partha is known for his expertise in setting up large Delivery Centers handling global delivery and operations. Partha's vision and passion for delivery excellence has helped Mindtree deliver best-in-class service, with significant value to our customers. Prior to co-founding Mindtree, Partha was the General Manager of Wipro's technology solutions division, where he led Wipro's development center for some of the large customers. Today, Partha works with some of the leading educational institutions in India with a vision to bridge the industry-academia gap, in order to foster better interactions between the two. Partha received a Masters (Honors) degree in Mathematics from BITS Pilani and an M.Tech. in Computer Science from IIT, Kharagpur, India. He is an alumnus of Harvard Business School.
- Customers:
 - 247 active customers as of September 30, 2012
 - Added 11 customers during the quarter
- Employees:
 - 10,883 employees as of September 30, 2012
 - Added 454 employees during the quarter on a gross basis
- Major client wins:
 - A large manufacturer of high-quality, value-priced nutritional supplements, based in the US. Mindtree has been selected as its strategic IT partner.
 - An existing customer who is a large European telecom service provider. Mindtree will provide implementation and support services for their billing and associated systems. This marks the first large win which is domain intensive within the telecom vertical.



- Dividend announcement:
 - The Board of Directors, at its meeting held on October 16, 2012, recommended an interim dividend of 30% (₹ 3 per equity share of par value ₹ 10 each) for the six months ended September 30, 2012.

About Mindtree

Mindtree is a global information technology solutions company with revenues of over USD 400 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 customers 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)	Q2	Q1	Q2	Growth (%)	
	FY2012	FY2013	FY2013	Q-o-Q	Y-o-Y
Revenue	4,567	5,630	5,963	5.9%	30.6%
EBITDA	588	1,174	1,319	12.4%	124.3%
Net Profit	543	890	722	(18.9)%	33.0%
Diluted EPS (Rs.)	13.43	21.61	17.43	(19.3)%	29.8%

(\$ million)	Q2	Q1	Q2	Growth (%)	
	FY2012	FY2013	FY2013	Q-o-Q	Y-o-Y
Revenue	101.3	105.5	107.3	1.7%	5.8%
EBITDA	13.0	22.0	23.7	8.0%	82.5%
Net Profit	12.1	16.7	12.9	(23.0)%	6.2%

Rupee Dollar Rate	Q2	Q1	Q2
	FY2012	FY2013	FY2013
Period Closing rate	48.98	55.62	52.86
Period Average rate	45.06	53.38	55.59

Key Ratios

Key Ratios	Q2	Q1	Q2
	FY2012	FY2013	FY2013
EBITDA Margin (%)	12.9%	20.8%	22.1%
Effective Tax Rate (%)	16.7%	22.6%	11.4%
Net Profit Margin (%)	11.9%	15.8%	12.1%
ROCE (%)	31.7%	44.1%	28.6%
DSO (Days)	70	73	73

Notes:

1 Effective Tax Rate = Tax / PBT

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

Key Performance Highlights

- EBITDA Margin increased by 130 bps q-o-q and 920 bps y-o-y
- Infrastructure Management and Technical Support increased by 16.0% q-o-q and 39.0% y-o-y
- Revenue from Manufacturing & Retail and BFSI sectors increased by 3.2% and 6.3%, respectively on q-o-q basis
- Utilization including trainees increased to 71.7% from 68.9% in the last quarter
- Quarterly annualized attrition declined to 14.7% from 16.3% in the last quarter

Key Revenue Metrics

Revenue by Geography	Q2 FY2012	Q1 FY2013	Q2 FY2013
US	58.4%	58.1%	58.1%
Europe	25.7%	28.8%	29.3%
India	7.9%	6.4%	6.0%
Rest of the World	8.0%	6.7%	6.6%
Total	100.0%	100.0%	100.0%

Revenue by Business	Q2 FY2012	Q1 FY2013	Q2 FY2013
IT Services	64.2%	69.0%	68.5%
Project Engineering Services (PES)	35.8%	31.0%	31.5%
Total	100.0%	100.0%	100.0%

Revenue by Service Offering	Q2 FY2012	Q1 FY2013	Q2 FY2013
Development	20.8%	25.4%	25.3%
Engineering	20.2%	16.5%	15.3%
Maintenance	22.9%	22.0%	21.5%
Consulting	3.9%	3.3%	3.6%
Package Implementation	3.1%	3.0%	2.7%
IP Led Revenue	1.3%	1.2%	1.3%
Independent Testing	18.2%	17.4%	17.7%
Infrastructure Management & Tech Support	9.7%	11.2%	12.8%
Total	100.0%	100.0%	100.0%

Revenue by Industry	Q2 FY2012	Q1 FY2013	Q2 FY2013
ITS – Manufacturing & Retail	18.2%	18.5%	18.8%
ITS – BFSI	21.4%	22.0%	23.0%
ITS – Travel, Media & Services	18.3%	20.9%	18.8%
ITS – Others	6.2%	7.6%	7.9%
PES	35.8%	31.0%	31.5%
Total	100.0%	100.0%	100.0%

Revenue by Project Type	Q2 FY2012	Q1 FY2013	Q2 FY2013
Fixed Cost, Fixed Monthly	33.7%	37.5%	38.8%
Time & Materials	66.3%	62.5%	61.2%
Total	100.0%	100.0%	100.0%

Key Revenue Metrics (continued)

Revenue Mix	Q2 FY2012	Q1 FY2013	Q2 FY2013
Effort			
Onsite	13.0%	14.0%	14.4%
Offshore	87.0%	86.0%	85.6%
Total	100.0%	100.0%	100.0%
Revenue			
Onsite	33.3%	37.8%	37.8%
Offshore	66.7%	62.2%	62.2%
Total	100.0%	100.0%	100.0%

Effort and Utilization

Metrics	Q2 FY2012	Q1 FY2013	Q2 FY2013	Growth (%)	
				Q-o-Q	Y-o-Y
Billed Hours					
Onsite	463,438	520,460	541,116	4.0%	16.8%
Offshore	3,104,902	3,206,511	3,222,190	0.5%	3.8%
Total	3,568,340	3,726,971	3,763,306	1.0%	5.5%
Fee Revenue (\$ 000)					
Onsite	33,250	39,486	40,125	1.6%	20.7%
Offshore	66,740	65,084	66,051	1.5%	(1.0)%
Total	99,990	104,570	106,176	1.5%	6.2%
Utilization					
Including Trainees	71.3%	68.9%	71.7%		
Excluding Trainees	77.7%	71.5%	72.3%		

Key Customer Metrics

Metrics	Q2 FY2012	Q1 FY2013	Q2 FY2013
Client Details			
Number of Active clients	270	245	247
New Clients Added	15	19	11
\$1 mn clients	72	78	73
\$5 mn clients	17	17	17
\$10 mn clients	7	8	8
\$20 mn clients	2	4	4
Client Contribution to Revenue			
Top Client	7.0%	7.6%	8.1%
Top 5 Clients	28.0%	33.5%	33.7%
Top 10 Clients	42.0%	47.1%	46.8%
Revenue from Repeat Business	99.0%	98.8%	99.4%

Key Employee Metrics

Mindtree Minds	Q2 FY2012	Q1 FY2013	Q2 FY2013
Total Mindtree Minds	10,580	10,830	10,883
Software Professionals	9,903	10,173	10,226
Sales and Support	677	657	657
Gross Additions	1,478	272	454
Net Additions	1,003	(170)	53
Attrition (LTM)*	21.7%	17.0%	16.3%

* Last Twelve Months

Infrastructure

As of September 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	1,835	144	1,385
Pune	115	936	33	400
Hyderabad	51	392	-	-
Total	1,463	12,361	177	1,785

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

Audited Financial Results for the Quarter and Six Months Ended September 30, 2012

(Rs. in millions, except per share data)

Particulars	Quarter ended			Six months ended		Year ended March 31, 2012
	September 30, 2012	June 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	
Income from software services	5,963	5,630	4,567	11,593	8,698	19,152
Expenses						
Employee benefit expenses	3,570	3,442	3,047	7,012	5,840	12,261
Depreciation	159	159	174	318	354	695
Other expenses	1,074	1,014	932	2,088	1,809	3,958
Profit from operations before other income and interest	1,160	1,015	414	2,175	695	2,238
Other income	74	52	70	126	101	188
Foreign exchange gain/(loss)	(415)	86	169	(329)	260	196
Profit before interest	819	1,153	653	1,972	1,056	2,622
Interest	4	3	1	7	1	5
Profit before tax	815	1,150	652	1,965	1,055	2,617
Tax expense	93	260	109	353	166	430
Net profit for the period	722	890	543	1,612	889	2,187
Paid up equity share capital (face value Rs. 10/- each)	409	407	403	409	403	405
Reserves	11,084	9,795	7,872	11,084	7,872	9,171
Basic EPS (Rs.)	17.68	21.91	13.53	39.59	22.16	54.27
Diluted EPS (Rs.)	17.43	21.61	13.43	39.02	21.98	54.18
Aggregate non-promoter shareholding						
Number of shares	32,955,148	32,626,657	30,498,432	32,955,148	30,498,432	32,358,908
Percentage of shareholding	80.53%	80.17%	75.74%	80.53%	75.74%	79.81%
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	7,969,408	8,071,308	9,769,124	7,969,408	9,769,124	8,185,015
Percentage of shares (as a % of the total shareholding of the Promoter and Promoter group)	100%	100%	100%	100%	100%	100%
Percentage of shares (as a % of the total share capital of the company)	19.47%	19.83%	24.26%	19.47%	24.26%	20.19%

AUDITED SEGMENT WISE REVENUE AND RESULTS
Primary segment information (Rs in millions)

Particulars	Quarter ended			Six months ended		Year ended March 31, 2012
	September 30, 2012	June 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	
Segment revenue						
PE Services	1,877	1,745	1,638	3,622	3,132	6,594
IT Services	4,086	3,885	2,929	7,971	5,566	12,558
Total	5,963	5,630	4,567	11,593	8,698	19,152
Segment operating income						
PE Services	455	365	170	820	276	838
IT Services	864	809	417	1,673	772	2,095
Total	1,319	1,174	587	2,493	1,048	2,933
Unallocable						
Expenses	574	159	173	647	353	695
Interest	4	3	1	7	1	5
Other income	74	138	239	126	361	384
Profit before tax	815	1,150	652	1,965	1,055	2,617

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 Financial Results for the Quarter and Six Months Ended September 30, 2012

(Rs. in millions, except per share data)

Particulars	Rs in Millions	
	As at	
	September 30, 2012	March 31, 2012
Shareholders' funds		
Share capital	409	405
Reserves and surplus	11,084	9,171
	11,493	9,576
Non-current liabilities		
Long-term borrowings	32	37
Other long-term liabilities	53	46
	85	83
Current liabilities		
Short-term borrowings	476	407
Trade payables	94	107
Other current liabilities	2,071	2,455
Short-term provisions	923	724
	3,564	3,693
Total	15,142	13,352
Non-current assets		
Fixed assets		
Tangible assets	2,533	2,548
Intangible assets	35	43
Capital work-in-progress	215	85
Non-current investments	7	30
Deferred tax assets (net)	347	320
Long-term loans and advances	522	544
Other non-current assets	1,070	1,028
	4,729	4,598
Current assets		
Current investments	3,715	3,075
Trade receivables	4,501	4,078
Cash and bank balances	670	585
Short-term loans and advances	413	191
Other current assets	1,114	825
	10,413	8,754
Total	15,142	13,352

Notes to financial results for the quarter and six months ended September 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 October 16, 2012.

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

Particulars	Quarter ended			Six months ended		Year ended
	September 30, 2012	June 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	March 31, 2012
Staff cost	3,545	3,409	3,023	6,954	5,795	12,160

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

Nature of Investor complaints	Opening balance	Additions	Disposal	Closing balance
Allotment/Refund/others	-	8	8	-

4 During the quarter, 226,591 shares have been issued upon exercise of stock options by employees.

5 EPS for the quarter is not annualized.

6 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.

7 The Board of Directors at its meeting held on October 16, 2012 have recommended an interim dividend of 30% (Re 3 per equity share of par value Rs 10/- each) for the six months ended September 30, 2012.

8 During the quarter, the Company has recorded additional foreign tax credit of Rs 97 million relating to financial year 2010-2011 and financial year 2011-2012. Accordingly, tax provision for current quarter is lower by Rs 97 million. The Company has reflected this credit in the Income tax return for the financial year 2011-2012 and revised return for the financial year 2010-2011.

9 The Board elected Anjan Lahiri, as an additional Board member to hold office with effect from October 24, 2012 till the date of the next Annual General Meeting of the Company. The Board also elected N. S. Parthasarathy as an Alternate Director to S. Janakiraman, with effect from October 22, 2012.

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

For and on behalf of the Board
For Mindtree Limited

Bangalore, India
October 16, 2012

Krishnakumar Natarajan
CEO & Managing Director



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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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