



Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings release

Third quarter ended December 31, 2012 (Q3 FY2013)

January 18, 2013

Welcome to possible

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Earnings Conference Call for Analysts / Investors

January 18, 2013 (6:30 PM IST)

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

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US: 1 866 746 2133

Replay of conference call available until January 25, 2013

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

Transcript will be available on www.mindtree.com after January 23, 2013

Mindtree's net profit surges 63% y-o-y in rupee terms; better client mining leads to more \$5M and \$10M customers

Bangalore (India), January 18, 2013: Mindtree Limited, a global information technology solutions company, announced its results today for the third quarter ended December 31, 2012, as approved by its Board of Directors.

“Our revenue growth has been satisfactory despite a seasonally weak quarter. We are very pleased that our efforts to reposition and strengthen our business continue to yield good results, as can be seen in our strong profitability improvements. Our expertise led positioning is helping us develop deeper customer relationships and deliver transformative changes for existing and new customers ” said **Krishnakumar Natarajan, CEO & Managing Director, Mindtree Limited.**

Key financial highlights:

- In USD terms:
 - Revenue at \$109.9 million (growth of 2.5% q-o-q / 6.0% y-o-y)
 - Net profit at \$18.4 million (growth of 42.8% q-o-q / 51.9% y-o-y)
- In Rupee terms:
 - Revenue at ₹ 5,901 million (decline of 1.0% q-o-q / growth of 13.5% y-o-y)
 - Net profit at ₹ 988 million (growth of 36.8% q-o-q / 63.0% y-o-y)

Other highlights:

- Customers:
 - 245 active customers as of December 31, 2012
 - \$5 million customers increased by 4 to 21; \$10 million customers increased by 1 to 9
- Employees:
 - 10,952 employees as of December 31, 2012
 - Added 443 employees during the quarter on a gross basis
- Major client wins:
 - An existing customer who is a leading superannuation and pension administration specialist based in APAC. Mindtree will provide development and testing services for its core applications.

- An existing product engineering services company that provides a cloud platform for collaboration and document sharing. Mindtree will provide product development and test automation services for its products
- A hi-tech company in the area of designing Integrated Circuits based in APAC. Mindtree will license its Bluetooth Low Energy Solution.
- Others:
 - Selected by Forbes Asia as one of the '200 Best under a Billion companies'.
 - Improved overall Fortune India 500 ranking to 424 from 445 last year.

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)	Q3	Q2	Q3	Growth (%)	
	FY2012	FY2013	FY2013	Q-o-Q	Y-o-Y
Revenue	5,197	5,963	5,901	(1.0)%	13.5%
EBITDA	899	1,319	1,204	(8.7)%	33.9%
Net Profit	606	722	988	36.8%	63.0%
Diluted EPS (Rs.)	14.89	17.43	23.80	36.6%	59.8%

(\$ million)	Q3	Q2	Q3	Growth (%)	
	FY2012	FY2013	FY2013	Q-o-Q	Y-o-Y
Revenue	103.7	107.3	109.9	2.5%	6.0%
EBITDA	17.9	23.7	22.4	(5.5)%	25.2%
Net Profit	12.1	12.9	18.4	42.8%	51.9%

Rupee Dollar Rate	Q3	Q2	Q3
	FY2012	FY2013	FY2013
Period Closing rate	53.11	52.86	55.00
Period Average rate	50.15	55.59	53.69

Key Ratios

Key Ratios	Q3	Q2	Q3
	FY2012	FY2013	FY2013
EBITDA Margin (%)	17.3%	22.1%	20.4%
Effective Tax Rate (%)	17.4%	11.4%	21.8%
Net Profit Margin (%)	11.7%	12.1%	16.7%
ROCE (%)	34.1%	28.6%	41.0%
DSO (Days)	72	73	73

Notes:

1 Effective Tax Rate = Tax / PBT

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

Key Performance Highlights

- Net Profit margin increased by 464 bps q-o-q and 508 bps y-o-y
- ROCE improved significantly to 41.0% from 28.6% in Q2 FY13 and 34.1% in Q3 FY12
- Infrastructure Management and Technical Support increased by 4.9% q-o-q and 33.6% y-o-y
- Manufacturing & Retail and Travel, Media & Services sectors increased by 3.0% and 8.6%, respectively on q-o-q basis
- \$5 million customers increased by 4 to 21; \$10 million customers increased by 1 to 9
- Quarterly annualized attrition declined to 13.7% from 14.7% in Q2 FY13 and 18.0% in Q3 FY12

Key Revenue Metrics

Revenue by Geography	Q3 FY2012	Q2 FY2013	Q3 FY2013
US	56.2%	58.1%	55.8%
Europe	28.1%	29.3%	30.2%
India	7.2%	6.0%	6.3%
Rest of the World	8.5%	6.6%	7.8%
Total	100.0%	100.0%	100.0%

Revenue by Business	Q3 FY2012	Q2 FY2013	Q3 FY2013
IT Services	66.9%	68.5%	70.1%
Project Engineering Services (PES)	33.1%	31.5%	29.9%
Total	100.0%	100.0%	100.0%

Revenue by Service Offering	Q3 FY2012	Q2 FY2013	Q3 FY2013
Development	22.5%	25.3%	25.6%
Engineering	18.8%	15.3%	13.3%
Maintenance	21.8%	21.5%	21.7%
Consulting	4.0%	3.6%	3.2%
Package Implementation	5.0%	2.7%	4.1%
IP Led Revenue	1.3%	1.3%	1.3%
Independent Testing	16.3%	17.7%	17.7%
Infrastructure Management & Tech Support	10.4%	12.8%	13.1%
Total	100.0%	100.0%	100.0%

Revenue by Industry	Q3 FY2012	Q2 FY2013	Q3 FY2013
ITS – Manufacturing & Retail	17.8%	18.8%	18.9%
ITS – BFSI	20.9%	23.0%	22.8%
ITS – Travel, Media & Services	20.0%	18.8%	19.9%
ITS – Others	8.2%	7.9%	8.4%
PES	33.1%	31.5%	29.9%
Total	100.0%	100.0%	100.0%

Revenue by Project Type	Q3 FY2012	Q2 FY2013	Q3 FY2013
Fixed Cost, Fixed Monthly	38.2%	38.8%	42.3%
Time & Materials	61.8%	61.2%	57.7%
Total	100.0%	100.0%	100.0%

Key Revenue Metrics (Continued)

Revenue Mix	Q3 FY2012	Q2 FY2013	Q3 FY2013
Effort			
Onsite	13.1%	14.4%	14.6%
Offshore	86.9%	85.6%	85.4%
Total	100.0%	100.0%	100.0%
Revenue			
Onsite	34.0%	37.8%	37.6%
Offshore	66.0%	62.2%	62.4%
Total	100.0%	100.0%	100.0%

Effort and Utilization

Metrics	Q3 FY2012	Q2 FY2013	Q3 FY2013	Growth (%)	
				Q-o-Q	Y-o-Y
Billed Hours					
Onsite	454,411	541,116	546,662	1.0%	20.3%
Offshore	3,085,030	3,222,190	3,189,092	(1.0)%	3.4%
Total	3,539,441	3,763,306	3,735,754	(0.7)%	5.5%
Fee Revenue (\$ 000)					
Onsite	34,864	40,125	40,961	2.1%	17.5%
Offshore	67,757	66,051	68,024	3.0%	0.4%
Total	102,621	106,176	108,985	2.6%	6.2%
Utilization					
Including Trainees	68.3%	71.7%	71.4%		
Excluding Trainees	75.8%	72.3%	73.1%		

Key Customer Metrics

Metrics	Q3 FY2012	Q2 FY2013	Q3 FY2013
Client Details			
Number of Active clients	258	247	245
New Clients Added	9	11	8
\$1 mn clients	74	73	70
\$5 mn clients	16	17	21
\$10 mn clients	7	8	9
\$20 mn clients	3	4	4
Client Contribution to Revenue			
Top Client	8.2%	8.1%	8.2%
Top 5 Clients	30.7%	33.7%	33.7%
Top 10 Clients	44.0%	46.8%	47.1%
Revenue from Repeat Business	99.5%	99.4%	98.9%

Key Employee Metrics

Mindtree Minds	Q3 FY2012	Q2 FY2013	Q3 FY2013
Total Mindtree Minds	10,934	10,883	10,952
Software Professionals	10,268	10,226	10,280
Sales and Support	666	657	672
Gross Additions	846	454	443
Net Additions	354	53	69
Attrition (LTM)*	19.4%	16.3%	15.1%

* Last Twelve Months

Infrastructure

As of December 31, 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	9,137	101	857
Chennai	218	1,823	144	1,385
Pune	115	933	33	400
Hyderabad	51	389	-	-
Total	1,463	12,282	278	2,642

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

Audited Financial Results for the Quarter and Nine Months Ended December 31, 2012

(Rs. in millions, except per share data)

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2012	September 30, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
Income from software services	5,901	5,963	5,197	17,494	13,895	19,152
Expenses						
Employee benefit expenses	3,517	3,570	3,242	10,529	9,082	12,261
Depreciation	151	159	173	469	527	695
Other expenses	1,180	1,074	1,056	3,268	2,865	3,958
Profit from operations before other income and interest	1,053	1,160	726	3,228	1,421	2,238
Other income	70	74	36	196	137	188
Foreign exchange gain/(loss)	142	(415)	(27)	(187)	233	196
Profit before interest	1,265	819	735	3,237	1,791	2,622
Interest	2	4	1	9	2	5
Profit before tax	1,263	815	734	3,228	1,789	2,617
Tax expense	275	93	128	628	294	430
Net profit for the period	988	722	606	2,600	1,495	2,187
Paid up equity share capital (face value Rs. 10/- each)	412	409	405	412	405	405
Reserves	12,029	11,084	8,177	12,029	8,177	9,171
Basic EPS (Rs.)	24.08	17.68	14.99	63.69	37.16	54.27
Diluted EPS (Rs.)	23.80	17.43	14.89	62.83	37.16	54.18
Aggregate non-promoter shareholding						
Number of shares	33,819,174	32,955,148	30,748,875	33,819,174	30,748,875	32,358,908
Percentage of shareholding	82.07%	80.53%	75.95%	82.07%	75.95%	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	7,389,447	7,969,408	9,734,472	7,389,447	9,734,472	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)	17.93%	19.47%	24.05%	17.93%	24.05%	20.19%

AUDITED SEGMENT WISE REVENUE AND RESULTS

Primary segment information (Rs in millions)

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2012	September 30, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
Segment revenue						
PE Services	1,765	1,877	1,731	5,387	4,863	6,594
IT Services	4,136	4,086	3,466	12,107	9,032	12,558
Total	5,901	5,963	5,197	17,494	13,895	19,152
Segment operating income						
PE Services	426	455	264	1,246	541	838
IT Services	778	864	635	2,451	1,407	2,095
Total	1,204	1,319	899	3,697	1,948	2,933
Unallocable						
Expenses	151	574	173	656	527	695
Interest	2	4	1	9	2	5
Other income	212	74	9	196	370	384
Profit before tax	1,263	815	734	3,228	1,789	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 Nine Months Ended December 31, 2012

(Rs. in millions, except per share data)

Particulars	Rs in Millions	
	As at	
	December 31, 2012	March 31, 2012
Shareholders' funds		
Share capital	412	405
Reserves and surplus	12,029	9,171
	12,441	9,576
Non-current liabilities		
Long-term borrowings	32	37
Other long-term liabilities	47	46
	79	83
Current liabilities		
Short-term borrowings	220	407
Trade payables	111	107
Other current liabilities	2,304	2,455
Short-term provisions	689	724
	3,324	3,693
Total	15,844	13,352
Non-current assets		
Fixed assets		
Tangible assets	2,495	2,548
Intangible assets	31	43
Capital work-in-progress	282	85
Non-current investments	7	30
Deferred tax assets (net)	334	320
Long-term loans and advances	565	544
Other non-current assets	1,084	1,028
	4,798	4,598
Current assets		
Current investments	3,930	3,075
Trade receivables	4,762	4,078
Cash and bank balances	964	585
Short-term loans and advances	429	191
Other current assets	961	825
	11,046	8,754
Total	15,844	13,352

Notes to financial results for the quarter and nine months ended December 31, 2012

1 The above results were reviewed by the Audit Committee and thereafter have been adopted by the Board at its meeting held on January 18, 2013.

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

Particulars	Quarter ended			Nine months ended		Year ended
	December 31, 2012	September 30, 2012	December 31, 2011	December 31, 2012	December 31, 2011	March 31, 2012
Staff cost	3,481	3,545	3,220	10,435	9,015	12,160

3 Information on investor complaints pursuant to clause 41 of the Listing Agreement for the quarter ended December 31, 2012:

Nature of Investor complaints	Opening balance	Additions	Disposal	Closing balance
Allotment/Refund/others	-	20	20	-

4 During the quarter, 284,065 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 Previous period figures have been reclassified/regrouped wherever necessary.

For and on behalf of the Board
For Mindtree Limited

Bangalore, India
January 18, 2013

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.

Welcome to possible