



## Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Shareholder report

Third quarter ended December 31, 2013 (Q3 FY2014)

January 23, 2014

*Welcome to possible*



Dear Shareholder,

Let me wish you and your families a very happy and prosperous New Year.

As we engage with our clients to understand their initiatives for FY15, we are seeing good business momentum and traction with them. 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.

Key highlights and summary financial results of the quarter are provided in the next section.

Thank you for your continued support and encouragement.

Warm regards,

A handwritten signature in black ink that reads "N. Krishnakumar".

Krishnakumar Natarajan  
**CEO and Managing Director**

Bangalore  
January 23, 2014

**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.

**Extract of the Audited Consolidated 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	2013
Income from software services	7,906	7,696	5,901	22,079	17,494		23,618
<b>Expenses</b>							
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
<b>Profit from operations before other income and interest</b>	<b>1,333</b>	<b>1,401</b>	<b>1,053</b>	<b>3,744</b>	<b>3,232</b>		<b>4,240</b>
Other income	83	48	70	248	196		350
Foreign exchange gain/(loss)	(272)	200	142	546	(187)		(340)
<b>Profit before interest</b>	<b>1,144</b>	<b>1,649</b>	<b>1,265</b>	<b>4,538</b>	<b>3,241</b>		<b>4,250</b>
Interest	1	2	2	4	9		10
<b>Profit before tax</b>	<b>1,143</b>	<b>1,647</b>	<b>1,263</b>	<b>4,534</b>	<b>3,232</b>		<b>4,240</b>
Tax expense	258	360	275	1,008	628		847
<b>Net profit for the period</b>	<b>885</b>	<b>1,287</b>	<b>988</b>	<b>3,526</b>	<b>2,604</b>		<b>3,393</b>
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

**AUDITED STATEMENT OF ASSETS AND LIABILITIES**
*Rs in million*

Particulars	As at	
	December 31, 2013	March 31, 2013
<b>Shareholders' funds</b>		
Share capital	416	415
Reserves and surplus	15,266	12,722
	<b>15,682</b>	<b>13,137</b>
<b>Non-current liabilities</b>		
Long-term borrowings	27	32
Other long-term liabilities	131	57
Long-term provisions	30	-
	<b>188</b>	<b>89</b>
<b>Current liabilities</b>		
Short-term borrowings	-	217
Trade payables	138	189
Other current liabilities	2,968	2,166
Short-term provisions	1,173	1,112
	<b>4,279</b>	<b>3,684</b>
<b>Total</b>	<b>20,149</b>	<b>16,910</b>
<b>Non-current assets</b>		
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
	<b>5,900</b>	<b>5,413</b>
<b>Current assets</b>		
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
	<b>14,249</b>	<b>11,497</b>
<b>Total</b>	<b>20,149</b>	<b>16,910</b>

### Key Ratios

Key Ratios	Quarter ended		
	December 31, 2012	September 30, 2013	December 31, 2013
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

**Note:**

This report along with more information on our quarterly results is also available in the investors section of our website ([www.mindtree.com](http://www.mindtree.com)). This report is for information purposes. Investors should rely on their own analysis while taking investment decisions and not rely on this report alone.

In the spirit of sensitivity towards the environment we are circulating this over email to shareholders who have updated their e-mail addresses with the depository participant. Please update your email addresses with your depository participant.

For more information, please contact [investors@mindtree.com](mailto:investors@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.