



Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings release

Second quarter ended September 30, 2013 (Q2 FY2014)

October 16, 2013

Welcome to possible

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Earnings Conference Call for Analysts / Investors

October 16, 2013 (6:30 PM 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 October 23, 2013

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

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

Mindtree reports revenue growth of 5.4% q-o-q and 15.6% y-o-y in dollar terms

Bangalore (India), October 16, 2013: Mindtree Limited, a global information technology solutions company, announced its results today for the second quarter ended September 30, 2013, as approved by its Board of Directors.

“The relentless execution of our new strategies has delivered two consecutive quarters of strong revenue growth this year. We continue to invest in expertise-led solutions and attracting top quality industry talent. This drives positive business outcomes for our customers while achieving sustainable growth” said **Krishnakumar Natarajan, CEO & Managing Director, Mindtree.**

Key financial highlights:

- In USD terms:
 - Revenue at \$124 million (growth of 5.4% q-o-q / 15.6% y-o-y)
 - Net profit at \$20.7 million (decline of 15.7%* q-o-q / increase of 61.2% y-o-y)

- In Rupee terms:
 - Revenue at ₹ 7,696 million (growth of 18.8% q-o-q / 29.1% y-o-y)
 - Net profit at ₹ 1,287 million (decline of 4.9%* q-o-q / increase of 77.8% y-o-y)

* Due to higher forex gain in the first quarter

Other highlights:

- Customers:
 - 220 active customers as of September 30, 2013
 - \$5 million customers grow to 21

- Employees:
 - 12,941 employees as of September 30, 2013
 - Added 1,122 employees during the quarter on a gross basis

- Others:
 - Mindtree was selected by Forbes as one of the “Best Under A Billion” companies in the August issue of Forbes Asia 2013.
 - Mindtree recently won a Gold rating, the highest honor bestowed in each category of the 5th Annual Golden Bridge Awards. Mindtree was honored in the category of Company Growth of the Year (new products, new offices, new employees).
 - Mindtree was selected by Microsoft as Windows Azure Circle partner.
 - Mindtree was ranked among the top global product engineering service providers by Zinnov research and analysis.

- Dividend announcement:
 - The Board of Directors, at its meeting held on October 16, 2013, recommended an interim dividend of 50% (₹ 5 per equity share of par value ₹10 each) for the six months ended September 30, 2013.

About Mindtree

Mindtree is a global information technology solutions company with revenues of over USD 435 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 (%) | |
|-------------------|--------|--------|--------|------------|-------|
| | FY2013 | FY2014 | FY2014 | Q-o-Q | Y-o-Y |
| Revenue | 5,963 | 6,477 | 7,696 | 18.8% | 29.1% |
| EBITDA | 1,323 | 1,191 | 1,598 | 34.2% | 20.8% |
| Net Profit | 724 | 1,354 | 1,287 | (4.9)% | 77.8% |
| Diluted EPS (Rs.) | 17.48 | 32.40 | 30.74 | (5.1)% | 75.9% |

| (\$ million) | Q2 | Q1 | Q2 | Growth (%) | |
|--------------|--------|--------|--------|------------|-------|
| | FY2013 | FY2014 | FY2014 | Q-o-Q | Y-o-Y |
| Revenue | 107.3 | 117.7 | 124.0 | 5.4% | 15.6% |
| EBITDA | 23.7 | 21.6 | 25.7 | 19.0% | 8.4% |
| Net Profit | 12.9 | 24.6 | 20.7 | (15.7)% | 61.2% |

| Rupee Dollar Rate | Q2 | Q1 | Q2 |
|---------------------|--------|--------|--------|
| | FY2013 | FY2014 | FY2014 |
| Period Closing rate | 52.86 | 59.39 | 62.61 |
| Period Average rate | 55.59 | 55.05 | 62.08 |

Key Ratios

| Key Ratios | Q2 | Q1 | Q2 |
|------------------------|--------|--------|--------|
| | FY2013 | FY2014 | FY2014 |
| EBITDA Margin (%) | 22.2% | 18.4% | 20.8% |
| Effective Tax Rate (%) | 11.4% | 22.4% | 21.9% |
| Net Profit Margin (%) | 12.1% | 20.9% | 16.7% |
| ROCE (%) | 28.6% | 50.1% | 44.5% |
| DSO (Days) | 73 | 77 | 74 |

Notes:

1 Effective Tax Rate = Tax / PBT

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

Key Performance Highlights

- Manufacturing, CPG & Retail increased by 8.9% q-o-q and 32.6% y-o-y. Travel and Transportation increased by 7.8% q-o-q and 24% y-o-y.
- Infrastructure Management & Tech Support has posted a robust growth of 20.5% q-o-q and 47.8% y-o-y.
- \$5 million customers grow to 21.
- Added 1,122 employees during the quarter on a gross basis.
- Attrition on a trailing 12-month basis declined to 11.9% from 16.3% in Q2 of FY13.

Key Revenue Metrics

| Revenue by Geography | Q2 FY2013 | Q1 FY2014 | Q2 FY2014 |
|----------------------|---------------|---------------|---------------|
| US | 58.1% | 57.8% | 58.0% |
| Europe | 29.3% | 27.4% | 29.0% |
| India | 6.0% | 5.8% | 4.1% |
| Rest of the World | 6.6% | 9.0% | 8.9% |
| Total | 100.0% | 100.0% | 100.0% |

| Revenue by Industry | Q2 FY2013 | Q1 FY2014 | Q2 FY2014 |
|-----------------------------|---------------|---------------|---------------|
| Hi -Tech | 31.5% | 28.9% | 28.5% |
| BFSI | 23.0% | 22.8% | 22.7% |
| Manufacturing, CPG & Retail | 18.8% | 20.9% | 21.6% |
| Travel & Transportation | 18.8% | 19.7% | 20.1% |
| Others | 7.9% | 7.7% | 7.1% |
| Total | 100.0% | 100.0% | 100.0% |

| Revenue by Service Offering | Q2 FY2013 | Q1 FY2014 | Q2 FY2014 |
|--|---------------|---------------|---------------|
| Development | 25.3% | 26.5% | 26.1% |
| Engineering | 15.3% | 11.3% | 11.1% |
| Maintenance | 21.5% | 22.5% | 22.7% |
| Consulting | 3.6% | 2.8% | 3.0% |
| Package Implementation | 2.7% | 3.2% | 2.5% |
| IP Led Revenue | 1.3% | 1.5% | 0.8% |
| Independent Testing | 17.7% | 18.0% | 17.6% |
| Infrastructure Management & Tech Support | 12.8% | 14.3% | 16.3% |
| Total | 100.0% | 100.0% | 100.0% |

| Revenue by Project Type | Q2 FY2013 | Q1 FY2014 | Q2 FY2014 |
|---------------------------|---------------|---------------|---------------|
| Fixed Cost, Fixed Monthly | 38.8% | 40.8% | 40.4% |
| Time & Materials | 61.2% | 59.2% | 59.6% |
| Total | 100.0% | 100.0% | 100.0% |

| Revenue Mix | Q2 FY2013 | Q1 FY2014 | Q2 FY2014 |
|----------------|---------------|---------------|---------------|
| Effort | | | |
| Onsite | 14.4% | 15.1% | 16.5% |
| Offshore | 85.6% | 84.9% | 83.5% |
| Total | 100.0% | 100.0% | 100.0% |
| Revenue | | | |
| Onsite | 37.8% | 38.7% | 41.4% |
| Offshore | 62.2% | 61.3% | 58.6% |
| Total | 100.0% | 100.0% | 100.0% |

Effort and Utilization

| Metrics | Q2 FY2013 | Q1 FY2014 | Q2 FY2014 | Growth (%) | |
|-----------------------------|------------------|------------------|------------------|-------------|--------------|
| | | | | Q-o-Q | Y-o-Y |
| Billed Hours | | | | | |
| Onsite | 541,116 | 608,869 | 703,139 | 15.5% | 29.9% |
| Offshore | 3,222,190 | 3,426,583 | 3,564,643 | 4.0% | 10.6% |
| Total | 3,763,306 | 4,035,452 | 4,267,782 | 5.8% | 13.4% |
| Fee Revenue (\$ 000) | | | | | |
| Onsite | 40,125 | 45,077 | 50,542 | 12.1% | 26.0% |
| Offshore | 66,051 | 71,433 | 71,558 | 0.2% | 8.3% |
| Total | 106,176 | 116,510 | 122,100 | 4.8% | 15.0% |
| Utilization | | | | | |
| Including Trainees | 71.7% | 69.6% | 65.9% | | |
| Excluding Trainees | 72.3% | 74.0% | 70.3% | | |

Key Customer Metrics

| Metrics | Q2 FY2013 | Q1 FY2014 | Q2 FY2014 |
|---------------------------------------|-----------|-----------|-----------|
| Client Details | | | |
| Number of Active clients | 247 | 222 | 220 |
| New Clients Added | 11 | 9 | 9 |
| \$1 mn clients | 73 | 72 | 70 |
| \$5 mn clients | 17 | 20 | 21 |
| \$10 mn clients | 8 | 10 | 10 |
| \$20 mn clients | 4 | 5 | 5 |
| \$30 mn clients | 2 | 3 | 3 |
| Client Contribution to Revenue | | | |
| Top Client | 8.1% | 7.8% | 7.9% |
| Top 5 Clients | 33.7% | 31.2% | 31.6% |
| Top 10 Clients | 46.8% | 46.0% | 47.5% |
| Revenue from Repeat Business | 99.4% | 99.4% | 99.4% |

Key Employee Metrics

| Mindtree Minds | Q2 FY2013 | Q1 FY2014 | Q2 FY2014 |
|------------------------|-----------|-----------|-----------|
| Total Mindtree Minds | 10,883 | 12,239 | 12,941 |
| Software Professionals | 10,226 | 11,545 | 12,169 |
| Sales and Support | 657 | 694 | 772 |
| Gross Additions | 454 | 1,057 | 1,122 |
| Net Additions | 53 | 648 | 702 |
| Attrition (LTM)* | 16.3% | 12.4% | 11.9% |

* Last Twelve Months

Infrastructure

| As of Sep 30, 2013 | Completed | | Available for Expansion | |
|--------------------|------------------------------|---------------|------------------------------|--------------|
| | Built up area (sq ft 000) | No. of Seats | Built up area (sq ft 000) | No. of Seats |
| Bangalore | 1,116 | 8,785 | - | - |
| Chennai | 391 | 3,306 | - | - |
| Pune | 115 | 933 | 33 | 400 |
| Hyderabad | 51 | 389 | - | - |
| Total | 1,673 | 13,413 | 33 | 400 |

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, 2013

(Rs. in millions, except per share data)

| Particulars | Quarter ended | | | Six months ended | | Year ended |
|--|--------------------|---------------|--------------------|--------------------|--------------------|----------------|
| | September 30, 2013 | June 30, 2013 | September 30, 2012 | September 30, 2013 | September 30, 2012 | March 31, 2013 |
| Income from software services | 7,696 | 6,477 | 5,963 | 14,173 | 11,593 | 23,618 |
| Expenses | | | | | | |
| Employee benefits expense | 4,448 | 3,824 | 3,570 | 8,272 | 7,012 | 14,274 |
| Depreciation | 197 | 181 | 159 | 378 | 318 | 624 |
| Other expenses | 1,650 | 1,462 | 1,070 | 3,112 | 2,084 | 4,480 |
| Profit from operations before other income and interest | 1,401 | 1,010 | 1,164 | 2,411 | 2,179 | 4,240 |
| Other income | 48 | 117 | 74 | 165 | 126 | 350 |
| Foreign exchange gain/(loss) | 200 | 618 | (417) | 818 | (329) | (340) |
| Profit before interest | 1,649 | 1,745 | 821 | 3,394 | 1,976 | 4,250 |
| Interest | 2 | 1 | 4 | 3 | 7 | 10 |
| Profit before tax | 1,647 | 1,744 | 817 | 3,391 | 1,969 | 4,240 |
| Tax expense | 360 | 390 | 93 | 750 | 353 | 847 |
| Net profit for the period | 1,287 | 1,354 | 724 | 2,641 | 1,616 | 3,393 |
| Paid up equity share capital (face value Rs. 10/- each) | 416 | 416 | 409 | 416 | 409 | 415 |
| Reserves | 14,150 | 13,406 | 11,083 | 14,150 | 11,083 | 12,722 |
| Basic EPS (Rs.) | 30.96 | 32.60 | 17.73 | 63.56 | 39.68 | 82.79 |
| Diluted EPS (Rs.) | 30.74 | 32.40 | 17.48 | 63.13 | 39.11 | 81.75 |
| Aggregate non-promoter shareholding | | | | | | |
| Number of shares | 34,673,666 | 34,579,773 | 32,955,148 | 34,673,666 | 32,955,148 | 33,719,358 |
| Percentage of shareholding | 83.40% | 83.20% | 80.53% | 83.40% | 80.53% | 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 | 6,903,614 | 6,984,314 | 7,969,408 | 6,903,614 | 7,969,408 | 7,815,697 |
| Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 100% | 100% | 100% | 100% | 100% | 100% |
| Percentage of shares (as a % of the total share capital of the company) | 16.60% | 16.80% | 19.47% | 16.60% | 19.47% | 18.82% |

AUDITED SEGMENT WISE REVENUE AND RESULTS

Primary segment information

Rs in million

| Particulars | Quarter ended | | | Six months ended | | Year ended |
|---------------------------------|--------------------|---------------|--------------------|--------------------|--------------------|----------------|
| | September 30, 2013 | June 30, 2013 | September 30, 2012 | September 30, 2013 | September 30, 2012 | March 31, 2013 |
| Segment revenue | | | | | | |
| Manufacturing | 1,658 | 1,353 | 1,122 | 3,011 | 2,166 | 4,498 |
| BFSI | 1,746 | 1,480 | 1,372 | 3,226 | 2,612 | 5,293 |
| Hitech | 2,196 | 1,872 | 1,876 | 4,068 | 3,621 | 7,210 |
| Travel & Transportation | 1,547 | 1,273 | 1,121 | 2,820 | 2,296 | 4,691 |
| Others | 549 | 499 | 472 | 1,048 | 898 | 1,926 |
| Total | 7,696 | 6,477 | 5,963 | 14,173 | 11,593 | 23,618 |
| Segment operating income | | | | | | |
| Manufacturing | 458 | 264 | 236 | 722 | 407 | 875 |
| BFSI | 79 | 44 | 226 | 123 | 427 | 642 |
| Hitech | 495 | 439 | 436 | 934 | 775 | 1,544 |
| Travel & Transportation | 373 | 256 | 246 | 629 | 570 | 1,102 |
| Others | 193 | 188 | 179 | 381 | 318 | 697 |
| Total | 1,598 | 1,191 | 1,323 | 2,789 | 2,497 | 4,860 |
| Unallocable | | | | | | |
| Expenses | 197 | 181 | 576 | 378 | 647 | 960 |
| Interest | 2 | 1 | 4 | 3 | 7 | 10 |
| Other income | 248 | 735 | 74 | 983 | 126 | 350 |
| Profit before tax | 1,647 | 1,744 | 817 | 3,391 | 1,969 | 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, 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.

Audited Financial Results for the Quarter and Six Months Ended September 30, 2013

(Rs. in millions, except per share data)

AUDITED STATEMENT OF ASSETS AND LIABILITIES

| Particulars | As at | |
|--------------------------------|--------------------|----------------|
| | September 30, 2013 | March 31, 2013 |
| Shareholders' funds | | |
| Share capital | 416 | 415 |
| Reserves and surplus | 14,150 | 12,722 |
| | 14,566 | 13,137 |
| Non-current liabilities | | |
| Long-term borrowings | 27 | 32 |
| Other long-term liabilities | 108 | 57 |
| Long term provisions | 22 | - |
| | 157 | 89 |
| Current liabilities | | |
| Short-term borrowings | 626 | 217 |
| Trade payables | 166 | 189 |
| Other current liabilities | 2,955 | 2,166 |
| Short-term provisions | 1,355 | 1,112 |
| | 5,102 | 3,684 |
| Total | 19,825 | 16,910 |
| Non-current assets | | |
| Fixed assets | | |
| Tangible assets | 2,959 | 2,485 |
| Intangible assets | 176 | 104 |
| Capital work-in-progress | 616 | 571 |
| Non-current investments | 7 | 230 |
| Deferred tax assets (net) | 397 | 360 |
| Long-term loans and advances | 677 | 617 |
| Other non-current assets | 987 | 1,046 |
| | 5,819 | 5,413 |
| Current assets | | |
| Current investments | 4,848 | 4,027 |
| Trade receivables | 6,203 | 4,508 |
| Cash and bank balances | 1,099 | 1,252 |
| Short-term loans and advances | 526 | 430 |
| Other current assets | 1,330 | 1,280 |
| | 14,006 | 11,497 |
| Total | 19,825 | 16,910 |

Notes to consolidated financial results for the quarter and six months ended September 30, 2013

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, 2013.

2 Item of expenditure exceeding 10% of total expenditure

| Particulars | Quarter ended | | | Six months ended | | Year ended March 31, 2013 |
|-------------|-----------------------|------------------|-----------------------|-----------------------|-----------------------|---------------------------------|
| | September 30, 2013 | June 30, 2013 | September 30, 2012 | September 30, 2013 | September 30, 2012 | |
| Staff cost | 4,413 | 3,794 | 3,545 | 8,207 | 6,954 | 14,138 |

3 Information on investor complaints pursuant to clause 41 of the Listing Agreement for the quarter ended September 30, 2013:

| Nature of investor complaints | Opening balance | Additions | Disposal | Closing balance |
|--|-----------------|-----------|----------|-----------------|
| Allotment/ refund/ annual report related/ others | - | 116 | 116 | - |

4 During the quarter, 13,193 shares have been issued upon exercise of stock options and restricted shares by employees/ directors.

5 EPS for the quarter is not annualized.

6 During the quarter, R Srinivasan retired from the board with effect from July 19, 2013.

7 The Board of Directors at its meeting held on October 16, 2013 have recommended an interim dividend of 50% (Rs 5 per equity share of par value Rs 10 each) for the six months ended September 30, 2013.

8 Audited financial results of Mindtree Limited (Standalone)

| Particulars | Quarter ended | | | Six months ended | | Year ended March 31, 2013 |
|-------------------|-----------------------|------------------|-----------------------|-----------------------|-----------------------|---------------------------------|
| | September 30, 2013 | June 30, 2013 | September 30, 2012 | September 30, 2013 | September 30, 2012 | |
| Revenues | 7,696 | 6,477 | 5,963 | 14,173 | 11,593 | 23,618 |
| Profit before tax | 1,647 | 1,743 | 815 | 3,390 | 1,965 | 4,236 |
| Profit after tax | 1,287 | 1,353 | 722 | 2,640 | 1,612 | 3,389 |

Note: The audited results of Mindtree Limited for the above mentioned periods are available in the investors section in www.mindtree.com and also with the stock exchanges where it is listed. The information above has been extracted from the audited financial statements as stated.

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

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



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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