



## Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings release

First quarter ended June 30, 2013 (Q1 FY2014)

July 18, 2013

*Welcome to possible*

## Contents

1. Press Release	3
2. Key Financial Metrics	6
3. Key Ratios	6
4. Key Revenue Metrics	7
5. Effort and Utilization	8
6. Key Customer Metrics	8
7. Key Employee Metrics	8
8. Infrastructure	9
9. Statutory Financials	10

## Earnings Conference Call for Analysts / Investors

### July 18, 2013 (6:30 PM IST)

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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 25, 2013

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

Transcript will be available on [www.mindtree.com](http://www.mindtree.com) after July 25, 2013

## Mindtree's net profit surges 72% q-o-q in rupee terms, strong revenue growth of 4.1% in dollar terms

**Bangalore (India), July 18, 2013:** Mindtree Limited, a global information technology solutions company, announced its results today for the first quarter ended June 30, 2013, as approved by its Board of Directors.

“We have delivered 15 consecutive quarters of revenue growth. This quarter’s performance continues that trend and has been encouraging both from a revenue and profitability perspective. We hope to continue this momentum. We have made some key changes to our strategy and structure to enhance our expertise led positioning and to build an agile organization. We are confident that these steps are in the right direction to achieve our aspirations to deliver industry leading growth” said **Krishnakumar Natarajan, CEO & Managing Director, Mindtree Limited.**

### Key financial highlights:

- In USD terms:
  - Revenue at \$117.7 million (growth of 4.1% q-o-q / 11.6% y-o-y)
  - Net profit at \$24.6 million (growth of 69% q-o-q / 47.3% y-o-y)
  
- In Rupee terms:
  - Revenue at ₹ 6,477 million (growth of 5.8% q-o-q / 15% y-o-y)
  - Net profit at ₹ 1,354 million (growth of 71.6% q-o-q / 51.8% y-o-y)

### Other highlights:

- Customers:
  - 222 active customers as of June 30, 2013
  - \$10 million customers grow to 10
  
- Employees:
  - 12,239 employees as of June 30, 2013
  - Added 1,057 employees during the quarter on a gross basis

- Major client wins:
  - Two multi-year engagements with an existing customer who is a world leader in the computer and software technology industry. Mindtree will provide support services for their developer tools and cloud business.
  - A large multi-year engagement with an existing customer in the global financial services area. Mindtree will provide support services to their global business services and human resources technology portfolio.
  - A large human capital management software and services company based in Europe. Mindtree has been chosen as a strategic partner to provide a range of application, testing, BI and infrastructure services.
  - An existing customer who is a leading general-use vehicle rental company. Mindtree has been chosen as a system integration partner to build their next generation pan European digital platform.
- Others:
  - Mindtree was listed in Top 100 best companies to work for in India. Mindtree ranked 40th among the 535 participating organizations, moving up 7 ranks as compared to last year. This survey was conducted by The Economic times & Great Place to Work<sup>®</sup> Institute.

### **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](http://www.mindtree.com). For more information, contact:

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## Key Financial Metrics

(Rs. million)	Q1	Q4	Q1	Growth (%)	
	FY2013	FY2013	FY2014	Q-o-Q	Y-o-Y
Revenue	5,630	6,124	6,477	5.8%	15.0%
EBITDA	1,174	1,163	1,191	2.4%	1.5%
Net Profit	892	789	1,354	71.6%	51.8%
Diluted EPS (Rs.)	21.65	18.89	32.40	71.5%	49.7%

(\$ million)	Q1	Q4	Q1	Growth (%)	
	FY2013	FY2013	FY2014	Q-o-Q	Y-o-Y
Revenue	105.5	113.0	117.7	4.1%	11.6%
EBITDA	22.0	21.5	21.6	0.8%	(1.6)%
Net Profit	16.7	14.6	24.6	69.0%	47.3%

Rupee Dollar Rate	Q1	Q4	Q1
	FY2013	FY2013	FY2014
Period Closing rate	55.62	54.29	59.39
Period Average rate	53.38	54.18	55.05

## Key Ratios

Key Ratios	Q1	Q4	Q1
	FY2013	FY2013	FY2014
EBITDA Margin (%)	20.9%	19.0%	18.4%
Effective Tax Rate (%)	22.6%	21.7%	22.4%
Net Profit Margin (%)	15.8%	12.9%	20.9%
ROCE (%)	44.1%	31.0%	50.1%
DSO (Days)	73	70	77

Notes:

1 Effective Tax Rate = Tax / PBT

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

## Key Performance Highlights

- For the quarter, Net Profit margin increased by 800 bps, a growth of 72% q-o-q in rupee terms. ROCE improved to 50.1% from 31% in Q4FY13.
- Manufacturing, CPG & Retail increased by 9.5% q-o-q and 25.7% y-o-y. BFSI increased by 9.1% q-o-q and 15.7% y-o-y.
- \$10 million customers grow to 10.
- Attrition on LTM basis declined to 12.4% from 13.4% in Q4 FY13 and 17% in Q1 FY13

## Key Revenue Metrics

Revenue by Geography	Q1 FY2013	Q4 FY2013	Q1 FY2014
US	58.1%	55.3%	57.8%
Europe	28.8%	29.3%	27.4%
India	6.4%	6.1%	5.8%
Rest of the World	6.7%	9.3%	9.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue by Industry	Q1 FY2013	Q4 FY2013	Q1 FY2014
Hi -Tech	31.0%	29.8%	28.9%
BFSI	22.0%	21.8%	22.8%
Manufacturing, CPG & Retail	18.5%	19.9%	20.9%
Travel & Transportation	20.9%	19.9%	19.7%
Others	7.6%	8.6%	7.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue by Service Offering	Q1 FY2013	Q4 FY2013	Q1 FY2014
Development	25.4%	25.2%	26.5%
Engineering	16.5%	12.5%	11.3%
Maintenance	22.0%	21.7%	22.5%
Consulting	3.3%	2.9%	2.8%
Package Implementation	3.0%	4.6%	3.2%
IP Led Revenue	1.2%	1.7%	1.5%
Independent Testing	17.4%	17.6%	18.0%
Infrastructure Management & Tech Support	11.2%	13.8%	14.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue by Project Type	Q1 FY2013	Q4 FY2013	Q1 FY2014
Fixed Cost, Fixed Monthly	37.5%	41.3%	40.8%
Time & Materials	62.5%	58.7%	59.2%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue Mix	Q1 FY2013	Q4 FY2013	Q1 FY2014
<b>Effort</b>			
Onsite	14.0%	14.3%	15.1%
Offshore	86.0%	85.7%	84.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Revenue</b>			
Onsite	37.8%	37.4%	38.7%
Offshore	62.2%	62.6%	61.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### Effort and Utilization

Metrics	Q1 FY2013	Q4 FY2013	Q1 FY2014	Growth (%)	
				Q-o-Q	Y-o-Y
<b>Billed Hours</b>					
Onsite	520,460	552,834	608,869	10.1%	17.0%
Offshore	3,206,511	3,322,392	3,426,583	3.1%	6.9%
<b>Total</b>	<b>3,726,971</b>	<b>3,875,226</b>	<b>4,035,452</b>	<b>4.1%</b>	<b>8.3%</b>
<b>Fee Revenue (\$ 000)</b>					
Onsite	39,486	41,637	45,077	8.3%	14.2%
Offshore	65,084	69,830	71,433	2.3%	9.8%
<b>Total</b>	<b>104,570</b>	<b>111,467</b>	<b>116,510</b>	<b>4.5%</b>	<b>11.4%</b>
<b>Utilization</b>					
Including Trainees	68.9%	69.6%	69.6%		
Excluding Trainees	71.5%	70.9%	74.0%		

### Key Customer Metrics

Metrics	Q1 FY2013	Q4 FY2013	Q1 FY2014
<b>Client Details</b>			
Number of Active clients	245	232	222
New Clients Added	19	5	9
\$1 mn clients	78	74	72
\$5 mn clients	17	20	20
\$10 mn clients	8	9	10
\$20 mn clients	4	5	5
<b>Client Contribution to Revenue</b>			
Top Client	7.6%	8.0%	7.8%
Top 5 Clients	33.5%	31.7%	31.2%
Top 10 Clients	47.1%	45.7%	46.0%
Revenue from Repeat Business	98.8%	99.4%	99.4%

### Key Employee Metrics

Mindtree Minds	Q1 FY2013	Q4 FY2013	Q1 FY2014
Total Mindtree Minds	10,830	11,591	12,239
Software Professionals	10,173	10,912	11,545
Sales and Support	657	679	694
Gross Additions	272	974	1,057
Net Additions	(170)	639	648
Attrition (LTM)*	17.0%	13.4%	12.4%

\* Last Twelve Months

### Infrastructure

As of June 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	1,206	9,596	-	-
Chennai	277	2,365	187	1,400
Pune	115	933	33	400
Hyderabad	51	389	-	-
<b>Total</b>	<b>1,649</b>	<b>13,283</b>	<b>220</b>	<b>1,800</b>

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

**Audited Financial Results for the Quarter Ended June 30, 2013**

(Rs. in millions, except per share data)

Particulars	Quarter ended			Year ended
	June 30, 2013	March 31, 2013	June 30, 2012	March 31, 2013
Income from software services	6,477	6,124	5,630	23,618
<b>Expenses</b>				
Employee benefits expense	3,824	3,745	3,442	14,274
Depreciation	181	155	159	624
Other expenses	1,462	1,216	1,014	4,480
<b>Profit from operations before other income and interest</b>	<b>1,010</b>	<b>1,008</b>	<b>1,015</b>	<b>4,240</b>
Other income	117	154	52	350
Foreign exchange gain/(loss)	618	(153)	88	(340)
<b>Profit before interest</b>	<b>1,745</b>	<b>1,009</b>	<b>1,155</b>	<b>4,250</b>
Interest	1	1	3	10
<b>Profit before tax</b>	<b>1,744</b>	<b>1,008</b>	<b>1,152</b>	<b>4,240</b>
Tax expense	390	219	260	847
<b>Net profit for the period</b>	<b>1,354</b>	<b>789</b>	<b>892</b>	<b>3,393</b>
Paid up equity share capital (face value Rs. 10/- each)	416	415	407	415
Reserves	13,406	12,722	9,793	12,722
Basic EPS (Rs.)	32.60	19.04	21.96	82.79
Diluted EPS (Rs.)	32.40	18.89	21.65	81.75
<b>Aggregate non-promoter shareholding</b>				
Number of shares	34,579,773	33,719,358	32,626,657	33,719,358
Percentage of shareholding	83.20%	81.18%	80.17%	81.18%
<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	6,984,314	7,815,697	8,071,308	7,815,697
Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%	100%
Percentage of shares (as a % of the total share capital of the company)	16.80%	18.82%	19.83%	18.82%

**AUDITED SEGMENT WISE REVENUE AND RESULTS**
**Primary segment information**
*Rs in million*

Particulars	Quarter ended			Year ended
	June 30, 2013	March 31, 2013	June 30, 2012	March 31, 2013
<b>Segment revenue</b>				
Manufacturing	1,353	1,216	1,044	4,498
BFSI	1,480	1,335	1,240	5,293
Hitech	1,872	1,823	1,746	7,210
Travel & Transportation	1,273	1,221	1,174	4,691
Others	499	529	426	1,926
<b>Total</b>	<b>6,477</b>	<b>6,124</b>	<b>5,630</b>	<b>23,618</b>
<b>Segment operating income</b>				
Manufacturing	264	247	171	875
BFSI	44	75	201	642
Hitech	439	377	339	1,544
Travel & Transportation	256	262	324	1,102
Others	188	202	139	697
<b>Total</b>	<b>1,191</b>	<b>1,163</b>	<b>1,174</b>	<b>4,860</b>
<b>Unallocable</b>				
Expenses	181	308	159	960
Interest	1	1	3	10
Other income	735	154	140	350
<b>Profit before tax</b>	<b>1,744</b>	<b>1,008</b>	<b>1,152</b>	<b>4,240</b>

**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 Ended June 30, 2013

(Rs. in millions, except per share data)

### AUDITED STATEMENT OF ASSETS AND LIABILITIES

Particulars	As at	
	June 30, 2013	March 31, 2013
<b>Shareholders' funds</b>		
Share capital	416	415
Reserves and surplus	13,406	12,722
	<b>13,822</b>	<b>13,137</b>
<b>Non-current liabilities</b>		
Long-term borrowings	27	32
Other long-term liabilities	86	57
	<b>113</b>	<b>89</b>
<b>Current liabilities</b>		
Short-term borrowings	594	217
Trade payables	154	189
Other current liabilities	2,228	2,166
Short-term provisions	1,269	1,112
	<b>4,245</b>	<b>3,684</b>
<b>Total</b>	<b>18,180</b>	<b>16,910</b>
<b>Non-current assets</b>		
Fixed assets		
Tangible assets	2,799	2,485
Intangible assets	87	104
Capital work-in-progress	504	571
Non-current investments	7	230
Deferred tax assets (net)	371	360
Long-term loans and advances	722	617
Other non-current assets	1,024	1,046
	<b>5,514</b>	<b>5,413</b>
<b>Current assets</b>		
Current investments	4,098	4,027
Trade receivables	5,986	4,508
Cash and bank balances	949	1,252
Short-term loans and advances	456	430
Other current assets	1,177	1,280
	<b>12,666</b>	<b>11,497</b>
<b>Total</b>	<b>18,180</b>	<b>16,910</b>

#### Notes to consolidated financial results for the quarter ended June 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 July 18, 2013.

#### 2 Item of expenditure exceeding 10% of total expenditure

Particulars	Quarter ended			Year ended
	June 30, 2013	March 31, 2013	June 30, 2012	March 31, 2013
Staff cost	3,794	3,703	3,409	14,138

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

Nature of Investor complaints	Opening balance	Additions	Disposal	Closing balance
Allotment/ refund/ annual report related/ others	-	97	97	-

4 During the quarter, 29,032 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, Anjan Lahiri, resigned from the Board and from the services of Mindtree with effect from May 6, 2013.

#### 7 Audited financial results of Mindtree Limited (Standalone Information)

Particulars	Quarter ended			Year ended
	June 30, 2013	March 31, 2013	June 30, 2012	March 31, 2013
Revenues	6,477	6,124	5,630	23,618
Profit before tax	1,743	1,008	1,150	4,236
Profit for the period	1,353	789	890	3,389

Note: The audited results of Mindtree Limited for the above mentioned periods are available in the investors section in [www.mindtree.com](http://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.

8 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.

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



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**Safe Harbor:**

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