

INDEPENDENT AUDITOR'S REPORT ON AUDIT OF INTERIM CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF MINDTREE LIMITED

1. We have audited the accompanying Statement of Consolidated Financial Results of **MINDTREE LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter and nine months ended December 31, 2016 ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement, which is the responsibility of the Parent's Management and approved by the Board of Directors, has been compiled from the related interim consolidated financial statements which has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such interim consolidated financial statements.

2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parent's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



3. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
- a. includes the results of the following subsidiaries:
- i. Mindtree Software (Shanghai) Co, Ltd., Republic of China
 - ii. Discoverture Solutions LLC., United States of America
 - iii. Discoverture Solutions Europe Limited, United Kingdom (Liquidated with effect from July 5, 2016).
 - iv. Relational Solutions, Inc., United States of America
 - v. Bluefin Solutions Limited, United Kingdom
 - vi. Bluefin Solutions Inc., United States of America
 - vii. Bluefin Solutions Sdn Bhd, Malaysia
 - viii. Blouvin (Pty) Limited, South Africa
 - ix. Bluefin Solutions Pte Limited, Singapore
 - x. Magnet 360, LLC., United States of America
 - xi. Reside LLC., United States of America
 - xii. M360 Investments, LLC., United States of America
 - xiii. Numerical Truth, LLC., United States of America
- b. is presented in accordance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and
- c. gives a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the consolidated net profit, consolidated total comprehensive income and other financial information of the Group for the quarter and nine months ended December 31, 2016.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)



V. Balaji
Partner
(Membership No. 203685)

BENGALURU, January 19, 2017
VB/VMS/SMG/2017





Mindtree Limited

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AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2016

Particulars	Rs in million, except per share data					
	Quarter ended			Nine months ended		Year ended
	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015	March 31, 2016
Income from software services	12,953	12,954	12,095	39,183	33,527	46,730
Expenses						
Employee benefits expense	8,533	8,526	7,246	25,425	19,801	27,991
Depreciation and amortisation expense	459	463	435	1,390	1,183	1,658
Other expenses:	2,680	2,807	2,709	8,446	7,719	10,529
Profit from operations before other income, foreign exchange gain/ (loss) and finance costs	1,281	1,158	1,705	3,922	4,824	6,552
Other income	112	198	79	420	375	447
Foreign exchange gain/ (loss)	32	(28)	95	92	361	392
Profit before finance costs	1,425	1,328	1,879	4,434	5,560	7,391
Finance costs	46	47	43	144	97	160
Profit before tax	1,379	1,281	1,836	4,290	5,463	7,231
Tax expense	348	333	429	1,076	1,265	1,706
Net profit for the period	1,031	948	1,407	3,214	4,198	5,525
Other comprehensive income	(41)	(241)	(83)	(387)	(91)	(242)
Total comprehensive income	990	707	1,324	2,827	4,107	5,283
Paid up equity share capital (face value Rs. 10/- each)	1,680	1,680	839	1,680	839	1,678
Reserves	24,162	23,761	22,895	24,162	22,895	22,471
Basic EPS (Rs.)	6.14	5.65	8.39	19.15	25.05	32.95
Diluted EPS (Rs.)	6.13	5.64	8.37	19.11	24.98	32.87

AUDITED SEGMENT WISE REVENUE AND RESULTS

Particulars	Rs in million					
	Quarter ended			Nine months ended		Year ended
	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015	March 31, 2016
Segment revenue						
Retail, CPG and Manufacturing	3,116	3,134	3,044	9,444	8,246	11,394
Banking, Financial Services and Insurance	3,122	3,204	3,125	9,632	8,739	11,970
Technology, Media and Services	4,757	4,748	4,017	14,296	11,454	16,116
Travel and Hospitality	1,958	1,868	1,909	5,811	5,088	7,250
Total	12,953	12,954	12,095	39,183	33,527	46,730
Segment results						
Retail, CPG and Manufacturing	343	324	543	1,163	1,671	2,183
Banking, Financial Services and Insurance	222	295	459	873	1,283	1,627
Technology, Media and Services	920	906	777	2,718	2,229	3,153
Travel and Hospitality	255	96	361	558	824	1,247
Total	1,740	1,621	2,140	5,312	6,007	8,210
Unallocable						
Expenses	459	463	435	1,390	1,183	1,658
Finance costs	46	47	43	144	97	160
Other income	112	198	79	420	375	447
Foreign exchange gain/ (loss)	32	(28)	95	92	361	392
Profit before tax	1,379	1,281	1,836	4,290	5,463	7,231

Notes on segment information

Principal segments

The Group is structured into four industry verticals – Retail, CPG and Manufacturing (RCM), Banking, Financial Services and Insurance (BFSI), Technology, Media and Services (TMS) and Travel and Hospitality (TH). Accordingly, the Group has presented its segment results under these business segments. During the current year, the Group has restructured its verticals and accordingly, the previous period/ year figures have been restated and presented in line with the current segments.

Segment assets and liabilities

Segregation of assets, liabilities, depreciation and other non-cash expenses into various business 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 CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

Particulars	Rs in million		
	December 31, 2016	As at March 31, 2016	April 1, 2015
ASSETS			
Non-current assets			
Property, plant and equipment	3,941	4,173	4,325
Capital work in progress	214	232	354
Goodwill	4,623	4,815	869
Other intangible assets	2,119	2,632	317
Financial assets			
Investments	58	62	12
Loans	667	655	614
Other financial assets	204	189	-
Deferred tax assets (net)	514	406	547
Other non-current assets	1,406	1,331	1,158
	13,746	14,495	7,986
Current assets			
Financial assets			
Investments	5,056	2,266	5,490
Trade receivables	10,010	9,728	6,963
Cash and cash equivalents	1,069	2,332	3,763
Loans	12	38	136
Other financial assets	2,196	2,761	1,337
Other current assets	748	1,149	1,009
	19,091	18,274	18,698
TOTAL ASSETS	32,837	32,769	26,684
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1,680	1,678	837
Other equity	24,162	22,471	20,428
	25,842	24,149	21,265
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	14	18	23
Other financial liabilities	578	747	227
Other non current liabilities	75	91	128
	667	856	378
Current liabilities			
Financial liabilities			
Borrowings	76	415	-
Trade payables	1,502	1,890	1,418
Other financial liabilities	2,064	2,774	2,011
Other current liabilities	1,195	1,049	586
Provisions	1,149	1,289	797
Current tax liabilities (net)	342	347	239
	6,328	7,764	5,051
	6,995	8,620	5,429
TOTAL EQUITY AND LIABILITIES	32,837	32,769	26,684

Notes to audited consolidated financial results for the quarter and nine months ended December 31, 2016

- The above results were reviewed by the Audit Committee and thereafter have been adopted by the Board at its meeting held on January 19, 2017.
- The Board of Directors at its meeting held on January 19, 2017 have declared an interim dividend of 20% (Rs 2 per equity share of par value Rs 10 each).
- The Company had filed an application before the Hon'ble High Court of Karnataka for a composite scheme of amalgamation ("the scheme") of Discoverute Solutions L.L.C. and Relational Solutions Inc., wholly owned subsidiaries of the Company, with the Company with an appointed date of April 1, 2015. Pursuant to the notification of certain sections of the Companies Act, 2013 on amalgamation, the application has been transferred to the National Company Law Tribunal (NCLT). Pending requisite approvals, no effect has been given for the scheme in the financial statements.

The Board of Directors at its meeting held on January 19, 2017 have approved the proposal to transfer the business and net assets of its wholly owned subsidiary, Bluefin Solutions Limited ('Bluefin') to Mindtree against the cancellation and extinguishment of Mindtree's investment in Bluefin. This is subject to the approval of Reserve Bank of India (RBI) and other statutory authorities, as may be required.
- The Board of Directors at their meeting held on January 19, 2017 have approved the extension of Mr. Krishnakumar Natarajan's tenure as Executive Chairman to June 30, 2020.
- Transition to Indian Accounting Standards (Ind AS)

The Group's interim consolidated financial statements for the quarter and nine months ended December 31, 2016 are prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101, using April 1, 2015 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are effective for the interim Ind AS consolidated financial statements for the quarter and nine months ended December 31, 2016, be applied consistently and retrospectively for all fiscal years presented. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the consolidated financial statements under both Ind AS and Indian GAAP as of the transition date have been recognized directly in equity at the transition date.

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to Ind AS in accordance with Ind AS 101:

- equity as at April 1, 2015;
- equity as at December 31, 2015;
- equity as at March 31, 2016;
- total comprehensive income for the quarter and nine-months ended December 31, 2015; and
- total comprehensive income for the year ended March 31, 2016.

(i) Equity reconciliation

Particulars	Note	Rs in million		
		As at March 31, 2016	As at December 31, 2015	As at April 1, 2015
Equity under previous GAAP attributable to:				
Mindtree Limited		23,956	23,518	20,128
Non-controlling interests		-	-	-
Equity under previous GAAP		23,956	23,518	20,128
Proposed dividend and tax thereon	iii	606	404	1,009
Fair valuation of investments	ii	112	92	101
Effect of discounting of security deposit and reclassification of land as operating lease	vi	20	20	16
Discounting of consideration receivable	v	(81)	-	-
Business combination	v	(481)	(320)	(16)
Others	i	17	20	27
Equity as per Ind AS		24,149	23,734	21,265



(ii) Total comprehensive income reconciliation

Particulars	Note	Rs in million		
		For the year ended March 31, 2016	For nine months ended December 31, 2015	For the quarter ended December 31, 2015
Net income under previous GAAP attributable to:				
Mindtree Limited		6,033	4,473	1,509
Non-controlling interests		-	-	-
Net income under previous GAAP		6,033	4,473	1,509
Fair valuation of investments	ii	10	(9)	9
Employee benefits	iv	28	23	3
Effect of discounting of security deposit and reclassification of land as operating lease	vi	4	4	2
Business combination	i	(460)	(286)	(114)
Discounting of consideration receivable	v	(81)	-	-
Others		(9)	(7)	(2)
Profit for the period under Ind AS		5,525	4,198	1,407
Other comprehensive income		(242)	(91)	(83)
Total comprehensive income under Ind AS		5,283	4,107	1,324

Explanations for reconciliation of equity and profit

i. Business combination: Under Ind AS, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date. This has resulted in the recognition of intangible assets and consequent amortisation of such intangibles in the statement of profit and loss. Under previous GAAP, the assets and liabilities of the acquiree are recognised at their book values.

ii. Fair valuation of investments:

a) Under Ind AS, financial assets and financial liabilities designated at fair value through profit and loss (FVTPL) are fair valued at each reporting date with changes in fair value recognized in the statement of profit and loss. Under previous GAAP, they are measured at lower of cost or net realisable value. Mutual fund investments have been classified as FVTPL. Consequently, increase in fair value of such investments in quoted mutual funds has resulted in a gain.

b) Under Ind AS, financial assets designated at fair value through other comprehensive income (FVTOCI) are fair valued at each reporting date with changes in fair value (net of deferred taxes) recognized directly in other comprehensive income. Under previous GAAP, they are measured at cost with provision for diminution other than temporary. Investments in equity instruments have been classified as FVTOCI. Consequently, fair value of such equity instruments designated at FVTOCI has resulted in a gain in other comprehensive income.

iii. Under Ind AS, liability for dividend is recognized in the period in which the obligation to pay is established. Under previous GAAP, a liability is recognized in the period to which the dividend relates, even though the dividend may be approved by the shareholders subsequent to the reporting date. Consequently, dividend payable under Ind AS is lower and retained earnings is higher.

iv. Under previous GAAP, actuarial gains and losses on defined benefit plans were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability/asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of statement of profit and loss.

v. Under Ind AS, the deferred consideration on sale of land is measured at fair value. Under previous GAAP, such consideration is carried at initial transaction value. The difference between initial transaction value and fair value on the date of sale is reduced from profit on sale of land and subsequent change in the fair value of such deferred consideration is recognised as notional interest income in the statement of profit and loss.

vi. Under Ind AS, leases of land are classified as operating leases unless the title to the leasehold land is expected to be transferred to the Company at the end of the lease term. Lease rentals paid in advance and lease deposits are recognized as other assets. Under previous GAAP, the lease rentals paid in advance and lease deposits are recognized in property, plant and equipment. The lease rentals paid in advance are charged to the statement of profit and loss over the lease term.

Under Ind AS, financial instruments other than those designated at FVTPL and FVTOCI are measured at amortised cost. Under previous GAAP, they are recognised at cost. Security deposits are carried at amortised cost using effective interest method.

6 EPS for the quarter and nine months ended December 31, 2016 is not annualized. EPS for comparable period is adjusted for bonus issue.

7 Audited financial results of Mindtree Limited (Standalone Information)

Particulars	Quarter ended			Nine months ended		Year ended March 31, 2016
	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015	
Revenues	11,758	11,774	11,159	35,563	31,387	43,398
Profit before tax	1,547	1,472	1,817	4,866	5,383	7,509
Profit after tax	1,184	1,141	1,404	3,759	4,157	5,810

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.

8 The statement of consolidated financial results have been audited by the Company's auditors. The Company's auditors have issued an unmodified 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.

For and on behalf of the Board
For Mindtree Limited

Roslow Ravarim
Roslow Ravarim
CEO & Managing Director

Bengaluru, India
January 19, 2017

