



Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Shareholder report

Second quarter ended September 30, 2016

October 25, 2016

Welcome to possible

Dear Shareholder,

Our Q2 revenue was \$193 Million, a decline of 3% q-o-q and growth of 7.4% y-o-y. The revenue decline in Q2 is mainly due to the volatile macroeconomic environment which has resulted in slower ramp-ups and cautious spending in a few large clients across our verticals.

However, we believe the business fundamentals, strategic direction and market positioning continue to look strong in the medium-term especially with our investments in Digital and Managed Services. This will help us address some of the short term challenges. We are also mindful of the fact that our operating margins are not in the desired zone. We have taken many operational efficiency measures which have started yielding results. However the full benefits may take a few quarters to have an impact on margin improvement.

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,



Rostow Ramanan
CEO and Managing Director



Jagannathan Chakravarthi
CFO

Bangalore
October 25, 2016

Key financial highlights for the Quarter ended September 30, 2016

- In USD terms:
 - Revenue at \$193 million (decline of 3% q-o-q / growth of 7.4% y-o-y).
 - Net profit at \$14.1 million (decline of 23.6% q-o-q / 39.1% y-o-y)

- In Rupee terms:
 - Revenue at ₹ 12,954 million (decline of 2.4% q-o-q / growth of 11.1% y-o-y)
 - Net profit at ₹ 948 million (decline of 23.2% q-o-q / 37.1% y-o-y)

The financial results above are in accordance with Ind AS for the quarter ended September 30, 2016. Accordingly the figures for previous periods have been restated in accordance with Ind AS.

Other highlights

- Clients:
 - 337 active clients as of September 30, 2016
 - \$1 million clients grow by 9 to 107
 - \$25 million clients grow by 1 to 6

- People:
 - 16,219 Mindtree Minds as of September 30, 2016
 - Trailing 12 months attrition is 16.4%

- Key wins with leading global clients
 - A major US airline. For this existing client, Mindtree is chosen as the strategic quality engineering and assurance partner to provide testing services for their entire Commercial Application Portfolio. This is also Mindtree's single largest independent testing deal in recent times
 - A leading product company enabling digital transformation for banking and financial enterprises. Mindtree will provide professional services for its digital platform
 - A leader in electronic hardware and software design solutions. Mindtree will provide digital services for its customer entitlement system
 - Multi-year, multi-million digital deal with a global consumer products company. Mindtree has been selected as a Digital anchor partner for a range of digital solutions

- Awards and recognition:
 - Recognized in Forbes India's Super 50 2016 list for the second consecutive year based on consistent shareholder returns, sales growth and return on equity
 - Ranked in the NASSCOM Top 20 IT-BPM Employers in India for 2016
 - Awarded the 'Porter Prize for Enabling Smart Connected Products' by Institute for Competitiveness for reshaping industry boundaries, higher product utilization, transcending traditional product boundaries, building capabilities within enterprises, and rethinking & retooling internal processes
 - Recognized as an overall leader in software testing services by NelsonHall, in its Vendor Evaluation and Assessment (NEAT) Report 2016.
 - Named as 2016 Azure Innovation Partner of the Year by Microsoft

- Dividend Announcement
 - The Board of Directors, at its meeting held on October 21, 2016 recommended an interim dividend of 30% (₹ 3 per equity share of par value ₹ 10 each) for the quarter ended September 30, 2016

Extract of the audited consolidated financial results for the quarter and six months ended September 30, 2016

Rs in million

Particulars	Quarter ended			Six months ended		Year ended	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	March 31, 2016	2016
Income from software services	12,954	13,276	11,657	26,230	21,432		46,730
Expenses							
Employee benefits expense	8,526	8,366	6,794	16,892	12,555		27,991
Depreciation and amortisation expense	463	468	409	931	748		1,658
Other expenses	2,807	2,959	2,668	5,766	5,010		10,529
Profit from operations before other income, foreign exchange gain/ (loss) and finance costs	1,158	1,483	1,786	2,641	3,119		6,552
Other income	198	110	168	308	296		447
Foreign exchange gain/ (loss)	(28)	88	64	60	266		392
Profit before finance costs	1,328	1,681	2,018	3,009	3,681		7,391
Finance costs	47	51	45	98	54		160
Profit before tax	1,281	1,630	1,973	2,911	3,627		7,231
Tax expense	333	395	465	728	836		1,706
Net profit for the period	948	1,235	1,508	2,183	2,791		5,525
Other comprehensive income	(241)	(105)	(47)	(346)	(8)		(242)
Total comprehensive income	707	1,130	1,461	1,837	2,783		5,283
Paid up equity share capital (face value Rs. 10/- each)	1,680	1,678	838	1,680	838		1,678
Reserves	23,761	23,625	21,935	23,761	21,935		22,471
Basic EPS (Rs.)	5.65	7.36	9.00	13.01	16.66		32.95
Diluted EPS (Rs.)	5.64	7.35	8.97	12.98	16.61		32.87

AUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

Rs in million

Particulars	As at		
	September 30, 2016	March 31, 2016	April 1, 2015
ASSETS			
Non-current assets			
Property, plant and equipment	3,947	4,173	4,325
Capital work in progress	288	232	354
Goodwill	4,646	4,815	669
Other intangible assets	2,266	2,632	317
Financial assets			
Investments	58	62	12
Loans	663	655	614
Other financial assets	199	189	-
Deferred tax assets (net)	512	406	547
Other non-current assets	1,449	1,331	1,158
	14,028	14,495	7,996
Current assets			
Financial assets			
Investments	3,750	2,266	5,490
Trade receivables	9,288	9,728	6,963
Cash and cash equivalents	1,364	2,332	3,763
Loans	10	38	136
Other financial assets	2,719	2,761	1,337
Other current assets	890	1,149	1,009
	18,021	18,274	18,698
TOTAL ASSETS	32,049	32,769	26,694
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1,680	1,678	837
Other equity	23,761	22,471	20,428
	25,441	24,149	21,265
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	14	18	23
Other financial liabilities	477	747	227
Other non current liabilities	77	91	128
	568	856	378
Current liabilities			
Financial liabilities			
Borrowings	-	415	-
Trade payables	1,535	1,890	1,418
Other financial liabilities	1,780	2,774	2,011
Other current liabilities	934	1,049	586
Provisions	1,430	1,289	797
Current tax liabilities (net)	361	347	239
	6,040	7,764	5,051
TOTAL EQUITY AND LIABILITIES	32,049	32,769	26,694

Transition to Indian Accounting Standards (Ind AS)

The Group's interim consolidated financial statements for the quarter and six months ended September 30, 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 six months ended September 30, 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.

Key Ratios

Key Ratios	Q2	Q1	Q2
	FY2016	FY2017	FY2017
EBITDA Margin (%)	18.8%	14.7%	12.5%
Effective Tax Rate (%)	23.6%	24.3%	25.9%
Net Profit Margin (%)	12.9%	9.3%	7.3%
ROCE (%)	36.4%	26.9%	20.9%
DSO (Days)	77	65	66

Effective Tax Rate = Tax / PBT

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). 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

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.

Mindtree Limited, Global Village, RVCE Post, Mysore Road, Bangalore-560059; CIN: L72200KA1999PLC025564; Phone: + 91 80 6706 4000; Fax: +91 80 6706 4100; E-mail: info@mindtree.com/investors@mindtree.com; Website: www.mindtree.com