



## Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Shareholder report

Third quarter ended December 31, 2016

January 25, 2017

*Welcome to possible*



Dear Shareholder,

A very happy and prosperous New Year to you and your families.

This quarter has seen two significant milestones. We have our first client who has moved into the \$100M category. This quarter also saw the strongest deal signings ever for Mindtree. This is a testimony to our expertise led transformational capabilities. We continue to be seen as a primary partner for both the “run the business” and “change the business” technology initiatives of our clients.

Though this quarter was in line with our expectations and we were able to arrest most of the revenue decline from the previous quarter, the market remains volatile. Customers are still evaluating priorities as they enter the budget cycle. However, we are confident that our strategy and our distinctive culture keep us well positioned to succeed in the current dynamic environment.

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

Responsible business has been inherent in Mindtree’s Vision and Mission. Keeping this in mind, we believe that stakeholder feedback is a critical component in building a memorable organization. We are happy to launch an online shareholder satisfaction survey to help you engage with us and help us constantly improve. This survey will be kept open for 30 days. Please click on the link <http://www.mindtree.com/about-us/investors/shareholder-survey>. Your feedback will be greatly appreciated.

Thank you for your continued support and encouragement.

Warm regards,

A handwritten signature in black ink that reads "Rostow Ravanan".

Rostow Ravanan  
**CEO and Managing Director**

A handwritten signature in black ink that reads "Jagannathan Chakravarthi".

Jagannathan Chakravarthi  
**CFO**

Bangalore  
January 25, 2017

**Key financial highlights for the Quarter ended December 31, 2016**

- In USD terms:
  - Revenue at \$192.2 million (decline of 0.4% q-o-q\* / growth of 4.7% y-o-y)
  - Net profit at \$15.3 million (growth of 8.1% q-o-q / decline of 28.3% y-o-y)  
\*constant currency growth of 0.4%
  
- In Rupee terms:
  - Revenue at ₹ 12,953 million (decline of 0.01% q-o-q / growth of 7.1% y-o-y)
  - Net profit at ₹ 1,031 million (growth of 8.8% q-o-q / decline of 26.7% y-o-y)

*The financial results above are in accordance with Ind AS for the quarter ended December 31, 2016. Accordingly the figures for previous periods have been restated in accordance with Ind AS.*

**Other highlights**

- Clients:
  - 348 active clients as of December 31, 2016
  - First client added to \$100 million category
  - \$10+ million clients grew from 16 to 17
  
- People:
  - 16,099 Mindtree Minds as of December 31, 2016
  - Trailing 12 months attrition is 16.1%
  
- Multi-year and multi-million dollar wins with leading global clients:
  - A diverse financial services company: Mindtree will provide application maintenance via a managed services model along with supporting distribution, digital, mobility and data applications
  - A global IT services company: Mindtree chosen as a strategic partner for system integration, digital and infrastructure services
  - A leading consumer credit reporting agency: Mindtree chosen as a preferred partner for application development and infrastructure support services
  - A world leader in lawful monitoring and intelligence solutions: Mindtree chosen as strategic partner for product development, analytics and digital initiatives
  - A leading publishing and events company: Mindtree will provide application support and maintenance services for their ERP platform

- A leading beauty care company. Mindtree will provide digital services to build a large and complex platform support their corporate marketing transformation
- A leading international tobacco group: Our subsidiary, Bluefin Solutions, will provide system integration services for SAP Business Planning & Consolidation and Data Warehouse on SAP HANA
  
- Awards and recognition:
  - Named as a leader for Application Outsourcing Capabilities among Midsize Offshore Vendors by Forrester Research
  - Positioned in the leadership zone for product engineering and embedded systems by Zinnov in the Zinnov Zones 2016 Product Engineering Services report
  - Recognized by the Institute of Company Secretaries of India (ICSI) for excellence in corporate governance
  
- Announcements
  - The Board of Directors, at its meeting held on January 19, 2017
    - Recommended an interim dividend of 20% (₹ 2 per equity share of par value ₹ 10 each) for the quarter ended December 31, 2016
    - Approved the extension of Mr. Krishnakumar Natarajan's tenure as Executive Chairman to June 30, 2020

**Extract of the audited consolidated financial results for the quarter and nine months ended December 31, 2016**

*Rs in million, except per share data*

Particulars	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
<b>Expenses</b>						
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
<b>Profit from operations before other income, foreign exchange gain/ (loss) and finance costs</b>	<b>1,281</b>	<b>1,158</b>	<b>1,705</b>	<b>3,922</b>	<b>4,824</b>	<b>6,552</b>
Other income	112	198	79	420	375	447
Foreign exchange gain/ (loss)	32	(28)	95	92	361	392
<b>Profit before finance costs</b>	<b>1,425</b>	<b>1,328</b>	<b>1,879</b>	<b>4,434</b>	<b>5,560</b>	<b>7,391</b>
Finance costs	46	47	43	144	97	160
<b>Profit before tax</b>	<b>1,379</b>	<b>1,281</b>	<b>1,836</b>	<b>4,290</b>	<b>5,463</b>	<b>7,231</b>
Tax expense	348	333	429	1,076	1,265	1,706
<b>Net profit for the period</b>	<b>1,031</b>	<b>948</b>	<b>1,407</b>	<b>3,214</b>	<b>4,198</b>	<b>5,525</b>
Other comprehensive income	(41)	(241)	(83)	(387)	(91)	(242)
<b>Total comprehensive income</b>	<b>990</b>	<b>707</b>	<b>1,324</b>	<b>2,827</b>	<b>4,107</b>	<b>5,283</b>
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 CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES**

*Rs in million*

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3,941	4,173	4,325
Capital work in progress	214	232	354
Goodwill	4,623	4,815	669
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
	<b>13,746</b>	<b>14,495</b>	<b>7,996</b>
<b>Current assets</b>			
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
	<b>19,091</b>	<b>18,274</b>	<b>18,698</b>
<b>TOTAL ASSETS</b>	<b>32,837</b>	<b>32,769</b>	<b>26,694</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	1,680	1,678	837
Other equity	24,162	22,471	20,428
	<b>25,842</b>	<b>24,149</b>	<b>21,265</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	14	18	23
Other financial liabilities	578	747	227
Other non current liabilities	75	91	128
	<b>667</b>	<b>856</b>	<b>378</b>
<b>Current liabilities</b>			
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
	<b>6,328</b>	<b>7,764</b>	<b>5,051</b>
	<b>6,995</b>	<b>8,620</b>	<b>5,429</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>32,837</b>	<b>32,769</b>	<b>26,694</b>

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.

### Key Ratios

Key Ratios	Q3	Q2	Q3
	FY2016	FY2017	FY2017
EBITDA Margin (%)	17.7%	12.5%	13.4%
Effective Tax Rate (%)	23.3%	25.9%	25.3%
Net Profit Margin (%)	11.6%	7.3%	8.0%
ROCE (%)	32.3%	20.9%	22.2%
DSO (Days)	71	66	71

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](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.

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