



Mindtree Limited

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AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2016

Rs in million, except per share data

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
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 SEGMENT WISE REVENUE AND RESULTS

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
Segment revenue						
Retail, CPG and Manufacturing	3,134	3,194	3,039	6,328	5,202	11,394
Banking, Financial Services and Insurance	3,204	3,306	2,983	6,510	5,614	11,970
Technology, Media and Services	4,748	4,791	3,978	9,539	7,437	16,116
Travel and Hospitality	1,868	1,985	1,657	3,853	3,179	7,250
Total	12,954	13,276	11,657	26,230	21,432	46,730
Segment results						
Retail, CPG and Manufacturing	324	496	665	820	1,128	2,183
Banking, Financial Services and Insurance	295	356	487	651	824	1,627
Technology, Media and Services	906	892	790	1,798	1,452	3,153
Travel and Hospitality	96	207	253	303	463	1,247
Total	1,621	1,951	2,195	3,572	3,867	8,210
Unallocable						
Expenses	463	468	409	931	748	1,658
Finance costs	47	51	45	98	54	160
Other income	198	110	168	308	296	447
Foreign exchange gain/ (loss)	(28)	88	64	60	266	392
Profit before tax	1,281	1,630	1,973	2,911	3,627	7,231

Notes on segment information

Principal segments

The Group is structured into four 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

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
	6,608	8,620	5,429
TOTAL EQUITY AND LIABILITIES	32,049	32,769	26,694

Notes to audited consolidated financial results for the quarter and six months ended September 30, 2016

- The above results were reviewed by the Audit Committee and thereafter have been adopted by the Board at its meeting held on October 21, 2016.
- The Board of Directors at its meeting held on October 21, 2016 have recommended an interim dividend of 30% (Rs 3 per equity share of par value Rs 10 each).
- The Company appointed Mr. Milind Sarwate as an Independent Director, effective July 19, 2016. Further, the Board of Directors has appointed Mr. Parthasarathy N S as Executive Vice Chairman of the Company, effective October 21, 2016 and has recommended the appointment of Mr. Akshaya Bhargava as an Independent Director of the Company, effective December 12, 2016. Mr. Ramesh Ramanathan has resigned as an Independent Director of the Company, effective October 21, 2016 and the Board of Directors has accepted the same.
- The Company has filed an application before the Hon'ble High Court of Karnataka for a composite scheme of amalgamation ("the scheme") of Discoverture 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. Pending requisite approvals, no effect has been given for the scheme in these financial results.
- 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.

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 September 30, 2015;
- equity as at March 31, 2016;
- total comprehensive income for the quarter and six-months ended September 30, 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 September 30, 2015	As at April 1, 2015
Equity under previous GAAP attributable to:				
Mindtree Limited		23,956	22,435	20,128
Non-controlling interests		-	-	-
Equity under previous GAAP		23,956	22,435	20,128
Proposed dividend and tax thereon	iii	606	403	1,009
Fair valuation of investments	ii	112	83	101
Effect of discounting of security deposit and reclassification of land as operating lease	vi	20	18	16
Discounting of consideration receivable	v	(81)	-	-
Business combination	i	(481)	(188)	(16)
Others		17	22	27
Equity as per Ind AS		24,149	22,773	21,265

(ii) Total comprehensive income reconciliation

Particulars	Note	Rs in million		
		For the year ended March 31, 2016	For six months ended September 30, 2015	For the quarter ended September 30, 2015
Net income under previous GAAP attributable to :				
Mindtree Limited		6,033	2,964	1,582
Non-controlling interests		-	-	-
Net income under previous GAAP		6,033	2,964	1,582
Fair valuation of investments	ii	10	(18)	15
Employee benefits	iv	28	20	59
Effect of discounting of security deposit and reclassification of land as operating lease	vi	4	2	1
Business combination	i	(460)	(172)	(149)
Discounting of consideration receivable	v	(81)	-	-
Others		(9)	(5)	-
Profit for the period under Ind AS		5,525	2,791	1,508
Other comprehensive income		(242)	(6)	(47)
Total comprehensive income under Ind AS		5,283	2,783	1,461

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 earning 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 six months ended September 30, 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			Six months ended		Year ended March 31, 2016
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	
Revenues	11,774	12,031	10,646	23,805	20,228	43,398
Profit before tax	1,472	1,847	1,923	3,319	3,566	7,509
Profit after tax	1,141	1,434	1,466	2,575	2,753	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

Bengaluru, India
October 21, 2016

Rostow Ravanan
CEO & Managing Director