



Mindtree Limited

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AUDITED STANDALONE 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	11,774	12,031	10,646	23,805	20,228	43,398
Expenses						
Employee benefits expense	7,567	7,418	6,226	14,985	11,851	25,732
Depreciation and amortisation expense	331	337	315	668	635	1,318
Other expenses	2,521	2,647	2,365	5,168	4,676	9,653
Profit from operations before other income, foreign exchange gain/ (loss) and finance costs	1,355	1,629	1,740	2,984	3,066	6,695
Other income	197	190	168	387	296	608
Foreign exchange gain/ (loss)	(33)	79	60	46	258	365
Profit before finance costs	1,519	1,898	1,968	3,417	3,620	7,668
Finance costs	47	51	45	98	54	159
Profit before tax	1,472	1,847	1,923	3,319	3,566	7,509
Tax expense	331	413	457	744	813	1,699
Net profit for the period	1,141	1,434	1,466	2,575	2,753	5,810
Other comprehensive income	(19)	-	(59)	(19)	(20)	(27)
Total comprehensive income	1,122	1,434	1,407	2,556	2,733	5,783
Paid up equity share capital (face value Rs. 10/- each)	1,680	1,678	838	1,680	838	1,678
Reserves	24,972	24,421	21,877	24,972	21,877	22,963
Basic EPS (Rs.)	6.80	8.54	8.75	15.34	16.43	34.66
Diluted EPS (Rs.)	6.79	8.53	8.72	15.31	16.38	34.56

AUDITED SEGMENT WISE REVENUE AND RESULTS

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	2,436	2,462	2,362	4,898	4,526	9,345
Banking, Financial Services and Insurance	3,013	3,089	2,759	6,102	5,197	11,189
Technology, Media and Services	4,482	4,513	3,904	8,995	7,363	15,704
Travel and Hospitality	1,843	1,967	1,621	3,810	3,142	7,160
Total	11,774	12,031	10,646	23,805	20,228	43,398
Segment results						
Retail, CPG and Manufacturing	352	479	557	831	1,030	2,055
Banking, Financial Services and Insurance	283	345	462	628	765	1,545
Technology, Media and Services	946	921	794	1,867	1,457	3,151
Travel and Hospitality	105	221	235	326	449	1,262
Total	1,686	1,966	2,048	3,652	3,701	8,013
Unallocable						
Expenses	331	337	308	668	635	1,318
Finance costs	47	51	45	98	54	159
Other income	197	190	168	387	296	608
Foreign exchange gain/ (loss)	(33)	79	60	46	258	365
Profit before tax	1,472	1,847	1,923	3,319	3,566	7,509

Notes on segment information

Principal segments

The Company 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 Company has presented its segment results under these business segments. During the current year, the Company 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 STANDALONE STATEMENT OF ASSETS AND LIABILITIES

Particulars	Rs in million		
	As at		
	September 30, 2016	March 31, 2016	April 1, 2015
ASSETS			
Non-current assets			
Property, plant and equipment	3,887	4,109	4,319
Capital work in progress	288	232	354
Other intangible assets	64	92	120
Financial assets			
Investments	8,582	8,586	1,071
Loans	659	651	613
Other financial assets	199	189	
Deferred tax assets (net)	804	734	545
Other non-current assets	1,385	1,292	1,158
	15,868	15,885	8,180
Current assets			
Financial assets			
Investments	3,750	2,266	5,490
Trade receivables	8,490	8,825	6,798
Cash and cash equivalents	1,000	1,924	3,669
Loans	10	37	136
Other financial assets	2,503	2,458	1,335
Other current assets	714	982	1,006
	16,467	16,492	18,434
TOTAL ASSETS	32,335	32,377	26,614
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1,680	1,678	837
Other equity	24,972	22,963	20,420
	26,652	24,641	21,257
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	14	18	23
Other financial liabilities	477	747	227
Other non current liabilities	77	92	127
	568	857	377
Current liabilities			
Financial liabilities			
Borrowings	-	400	-
Trade payables	1,171	1,432	1,379
Other financial liabilities	1,563	2,668	1,995
Other current liabilities	695	833	587
Provisions	1,413	1,276	792
Current tax liabilities (net)	273	270	227
	5,115	6,879	4,980
	5,683	7,736	5,357
TOTAL EQUITY AND LIABILITIES	32,335	32,377	26,614

Notes to audited standalone 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 Discoverure 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 Company's interim 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 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 financial statements under both Ind AS and Indian GAAP as at 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	As at	As at
		March 31, 2016	September 30, 2015	April 1, 2015
Equity under previous GAAP		24,164	22,282	20,112
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	(198)	(93)	(8)
Others		18	22	27
Equity as per Ind AS		24,641	22,715	21,257

(ii) Total comprehensive income reconciliation

Particulars	Note	Rs. in million		
		For the year	For the quarter	For the six
		ended	ended	months ended
		March 31, 2016	September 30, 2015	September 30, 2015
Net income under previous GAAP		6,049	1,469	2,839
Fair valuation of investments	ii	10	15	(18)
Employee benefits	iv	27	59	20
Effect of discounting of security deposit and reclassification of land as operating lease	vi	4	1	2
Business combination	i	(190)	(76)	(85)
Discounting of consideration receivable	v	(81)	-	-
Others		(9)	(2)	(5)
Profit for the period under Ind AS		5,810	1,466	2,753
Other comprehensive income		(27)	(59)	(20)
Total comprehensive income under Ind AS		5,783	1,407	2,733

(iii) Explanations for reconciliation of equity and profit

i. Business combination:

Under Ind AS, contingent consideration payable on business combination is measured at fair value while under previous GAAP it is recognised at cost.

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 the 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 The statement of financial results have been audited by the Company's auditors. The Company's auditors have issued an unmodified audit opinion on the 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