



Mindtree

## Mindtree Limited

(NSE: MINDTREE, BSE: 532819)

Earnings release

Third quarter ended December 31, 2016

January 19, 2017

*Welcome to possible*

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## Earnings Conference Call for Analysts / Investors

### January 19, 2017 (5:30 PM IST)

Primary Number: +91 22 3938 1087

(The number listed above is universally accessible from all networks and all countries)

Local Access Number: 3940 3977

Available in - Ahmedabad, Bangalore, Chandigarh, Chennai, Gurgaon (NCR), Hyderabad, Kochi/Cochin, Kolkata, Lucknow, Pune

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### Toll free numbers:

Singapore: 800 101 2045

Hong Kong: 800 964 448

UK: 0 808 101 1573

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Replay of conference call available until January 31, 2017

+91 22 3065 2322 (Playback id: 230712#)

**Webcast** – Participants have the option to attend the conference call by logging in to the online webcast, please note participants in webcast would be in **listen-only** mode. The webcast link is as below.

[Mindtree Q3 FY17 Webcast Link](#)

### Diamond Pass - [Link](#)

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Transcript will be available on [www.mindtree.com](http://www.mindtree.com) after January 31, 2017

## Mindtree reports constant currency revenue growth of 0.4% q-o-q in dollar terms; Earns first \$100 million client

**Bangalore (India) and Warren (NJ), January 19, 2017:** [Mindtree](#), a global technology services company, announced its consolidated results today for the third quarter ended December 31, 2016, as approved by its Board of Directors.

“Strong deal closures in this quarter are testimony to our expertise-led transformation 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.” said **Rostow Ravanan, CEO & Managing Director, Mindtree**. “We are confident that these competencies and our distinctive culture keep us well positioned to succeed in the current dynamic environment.”

### Key financial highlights:

#### 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)

### Other highlights:

- Clients:
  - 348 active clients as of December 31, 2016
  - First client added to \$100 million category
  - \$10+ million clients grew by 1 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

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



## **About Mindtree**

Mindtree [NSE: MINDTREE] delivers digital transformation and technology services from ideation to execution, enabling Global 2000 clients to outperform the competition. “Born digital,” Mindtree takes an agile, collaborative approach to creating customized solutions across the digital value chain. At the same time, our deep expertise in infrastructure and applications management helps optimize your IT into a strategic asset. Whether you need to differentiate your company, reinvent business functions or accelerate revenue growth, we can get you there. Visit [www.mindtree.com](http://www.mindtree.com) to learn more.

## **Safe harbour**

*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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## Key Financial Metrics

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

(Rs. million)	Q3	Q2	Q3	Growth (%)	
	FY2016	FY2017	FY2017	Q-o-Q	Y-o-Y
Revenue	12,095	12,954	12,953	(0.01)%	7.1%
EBITDA	2,140	1,621	1,740	7.3%	(18.7)%
Net Profit	1,407	948	1,031	8.8%	(26.7)%
Diluted EPS (Rs.)	8.37	5.64	6.13	8.8%	(26.8)%

(\$ million)	Q3	Q2	Q3	Growth (%)	
	FY2016	FY2017	FY2017	Q-o-Q	Y-o-Y
Revenue	183.6	193.0	192.2	(0.4)%	4.7%
EBITDA	32.5	24.1	25.8	7.0%	(20.5)%
Net Profit	21.3	14.1	15.3	8.1%	(28.3)%

Rupee Dollar Rate	Q3	Q2	Q3
	FY2016	FY2017	FY2017
Period Closing rate	66.16	66.61	67.93
Period Average rate	65.90	67.12	67.40

Hedges outstanding at 31-Dec-16		
Currency	Value	Avg. Rate/INR
USD	31.0	68.31
EURO	2.0	75.68
GBP	1.5	85.63

Total hedges outstanding in USD terms is 35M at an average INR rate of 68.3. These are fair value hedges expiring within 31-Mar-17.

## 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

### Key Performance Highlights

- Constant Currency Revenue growth of 0.4% Q-o-Q
- First client added to \$100 million category; \$10Mn Clients grew by 1 to 17
- Strong deal closures of \$314Mn during the quarter

## Key Revenue Metrics

Revenue by Geography	Q3 FY2016	Q2 FY2017	Q3 FY2017
US	63.3%	67.6%	68.7%
Europe	26.5%	21.4%	20.8%
India	2.8%	3.5%	3.1%
Rest of the World	7.4%	7.5%	7.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue by Industry	Q3 FY2016	Q2 FY2017	Q3 FY2017
Technology, Media and Services	33.2%	36.7%	36.7%
BFSI	25.8%	24.7%	24.1%
Retail, CPG & Manufacturing	25.2%	24.2%	24.1%
Travel & Hospitality	15.8%	14.4%	15.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue by Service Offering	Q3 FY2016	Q2 FY2017	Q3 FY2017
Development	23.6%	22.0%	22.3%
Engineering	8.4%	9.8%	9.5%
Maintenance	19.8%	17.8%	17.6%
Consulting	2.6%	3.8%	3.9%
Package Implementation	13.0%	13.1%	12.4%
IP Led Revenue	1.8%	1.2%	1.4%
Independent Testing	12.8%	12.4%	12.6%
Infrastructure Management & Tech Support	18.0%	19.9%	20.3%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Digital	<b>36.2%</b>	<b>40.0%</b>	<b>39.4%</b>

Digital includes Social Media, Mobility, Analytics, Cloud, Web-commerce.

Revenue by Project Type	Q3 FY2016	Q2 FY2017	Q3 FY2017
Fixed Cost, Fixed Monthly	50.0%	50.6%	52.5%
Time & Materials	50.0%	49.4%	47.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Revenue Mix	Q3 FY2016	Q2 FY2017	Q3 FY2017
<b>Effort</b>			
Onsite	21.1%	23.3%	23.5%
Offshore	78.9%	76.7%	76.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Revenue</b>			
Onsite	54.4%	59.2%	60.2%
Offshore	45.6%	40.8%	39.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Effort and Utilization

Metrics	Q3 FY2016	Q2 FY2017	Q3 FY2017	Growth (%)	
				Q-o-Q	Y-o-Y
<b>Billed Hours</b>					
Onsite	1,193,345	1,387,696	1,357,257	(2.2)%	13.7%
Offshore	4,469,299	4,573,034	4,426,659	(3.2)%	(1.0)%
<b>Total</b>	<b>5,662,644</b>	<b>5,960,730</b>	<b>5,783,916</b>	<b>(3.0)%</b>	<b>2.1%</b>
<b>Fee Revenue (\$ 000)</b>					
Onsite	98,677	113,379	114,075	0.6%	15.6%
Offshore	82,660	78,138	75,556	(3.3)%	(8.6)%
<b>Total</b>	<b>181,338</b>	<b>191,517</b>	<b>189,631</b>	<b>(1.0)%</b>	<b>4.6%</b>
<b>Utilization</b>					
Including Trainees	68.5%	71.4%	71.3%		
Excluding Trainees	69.9%	73.1%	72.3%		

Utilization is calculated as Billed Hours by Available Hours. Available hours does not exclude leave hours.

## Key Client Metrics

Metrics	Q3 FY2016	Q2 FY2017	Q3 FY2017
<b>Client Details</b>			
Number of Active clients	294	337	348
New Clients Added	23	18	21
\$1 mn clients	93	107	106
\$5 mn clients	29	30	30
\$10 mn clients	13	16	17
\$25 mn clients	5	6	4
\$50 mn clients	2	2	1
\$100 mn clients	-	-	1

Million Dollar Clients are based on trailing 12 months revenue.

Client Contribution to Revenue	Q3 FY2016	Q2 FY2017	Q3 FY2017
Top Client	10.7%	14.4%	14.1%
Top 5 Clients	31.8%	30.0%	30.1%
Top 10 Clients	46.0%	42.5%	42.3%
Revenue from Repeat Business	98.5%	97.8%	98.7%

Contribution to revenues is based on revenues for the quarter.

Total Contract Value signed(TCV) (USD M)	Q3 FY2016	Q2 FY2017	Q3 FY2017
Renewals	153	119	170
New	51	65	144
<b>Total</b>	<b>204</b>	<b>183</b>	<b>314</b>
Expiring within 1 year	180	152	234
Expiring > 1 year	24	31	80
Digital	82	64	103



### Key Employee Metrics

<b>Mindtree Minds</b>	<b>Q3 FY2016</b>	<b>Q2 FY2017</b>	<b>Q3 FY2017</b>
Total Mindtree Minds	16,243	16,219	16,099
Software Professionals	15,296	15,189	15,068
Sales	216	254	253
Support	731	776	778
Gross Additions	1,306	744	470
Net Additions	661	109	(120)
Attrition (Last Twelve Months)	16.0%	16.4%	16.1%
Women employees	28%	29%	29%
Nationalities*	49	52	55

\*Nationalities represent the count of countries to which Mindtree minds belong to.

### Infrastructure

	<b>Completed</b>		<b>Available for Expansion</b>	
	Built up area (sq ft 000)	No. of Seats	Built up area (sq ft 000)	No. of Seats
<b>As of Dec 31, 2016</b>				
Bangalore	1,286	12,880	-	-
Chennai	294	2,680	-	-
Pune	149	1,361	-	-
Hyderabad	93	762	-	-
Bhubaneswar	95	543	-	-
<b>Total</b>	<b>1,917</b>	<b>18,226</b>	-	-

Note: Land available for expansion - 12 acres in Bhubaneswar.

**Audited Consolidated Financial Results for the Quarter and Nine Months ended December 31, 2016**  
**(Rs. in millions, except per share data)**

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	
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 SEGMENT WISE REVENUE AND RESULTS**

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	
<b>Segment revenue</b>						
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
<b>Total</b>	<b>12,953</b>	<b>12,954</b>	<b>12,095</b>	<b>39,183</b>	<b>33,527</b>	<b>46,730</b>
<b>Segment results</b>						
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
<b>Total</b>	<b>1,740</b>	<b>1,621</b>	<b>2,140</b>	<b>5,312</b>	<b>6,007</b>	<b>8,210</b>
<b>Unallocable</b>						
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
<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>

**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 Financial Results for the Quarter and Nine Months ended December 31, 2016 (Rs. in millions, except per share data)

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>

### 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 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. 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
<b>Equity under previous GAAP attributable to:</b>				
Mindtree Limited		23,956	23,518	20,128
Non-controlling interests		-	-	-
<b>Equity under previous GAAP</b>		<b>23,956</b>	<b>23,518</b>	<b>20,128</b>
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	i	(481)	(320)	(16)
Others		17	20	27
<b>Equity as per Ind AS</b>		<b>24,149</b>	<b>23,734</b>	<b>21,265</b>

**(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
<b>Net income under previous GAAP attributable to :</b>				
Mindtree Limited		6,033	4,473	1,509
Non-controlling interests		-	-	-
<b>Net income under previous GAAP</b>		<b>6,033</b>	<b>4,473</b>	<b>1,509</b>
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)
<b>Profit for the period under Ind AS</b>		<b>5,525</b>	<b>4,198</b>	<b>1,407</b>
Other comprehensive income		(242)	(91)	(83)
<b>Total comprehensive income under Ind AS</b>		<b>5,283</b>	<b>4,107</b>	<b>1,324</b>

**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 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](http://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 more information please contact:**

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**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.*

*Welcome to possible*